

# Repositionable Notes (RPN) Concept Research

REPORT

*Prepared for*



*Prepared by*

OPINION RESEARCH CORPORATION

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## **EXECUTIVE SUMMARY**

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The Postal Service conducted a qualitative research study regarding Repositionable Notes (RPN) in April 2004. The purpose of the study was to obtain information for the development of this new product and, to provide information to be used in preparing a rate case filing.

The research included 15 focus groups among consumers and small and medium-sized businesses, and 35 in-depth telephone interviews among large businesses and RPN Program participants.

Eleven focus groups were conducted among small and medium-sized businesses: letter-sized mail owners (three), flat-sized mail owners (three), mail service providers/printers (two), and direct mail advertising agencies (three). An additional four groups were conducted among consumers with household incomes less than \$50,000 (two) and \$50,000 or more (two). Four cities were selected to represent a range of locations: San Francisco, Dallas, Minneapolis, and New York.

In-depth interviews were conducted with RPN Pilot Test participants and large businesses including major corporations that send letter and flat-sized mail, printers/mail service providers, and advertising agencies.

This report is based on the comments of 154 participants: 84 small and medium-sized businesses, 12 RPN Pilot Test Participants, 23 large businesses, and 35 consumers.

### **Key Findings and Attitudes**

Overall, the Repositionable Notes product appears to be a valuable product for consumers and businesses. Among all participants, about one in three rates the RPN concept highly for direct marketing.

Consumers are fairly enthusiastic about Notes. An overwhelming majority of consumers rate the RPN concept as very or somewhat appealing when attached to the mail they receive.

Among businesses, there are differences in interest, depending on several factors. There is a high level of interest in using RPN notes among many small and large businesses, based on their expectations that the RPNs would increase response rates for direct mail. The exceptions are the small and medium-sized flats mailers, who indicated that they are less likely to purchase RPNs at any price. The reason appears to be related to the costs of printing, materials, and affixing the RPNs, as well as the incremental postage fee.

## ***EXECUTIVE SUMMARY (Cont'd)***

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All segments are generally in agreement on many of the expected benefits and drawbacks to using Notes, mentioning attention-getting qualities, fad-appeal, increased response rates, open-and-read rates, personalized message and extended message shelf life as the most obvious potential benefits. They also acknowledge the uniqueness (at least initially) of the product, as well as stronger offer impact, among other benefits. For those seeing benefits to using Notes, they see it would add real value to their direct mailings.

The commonly-perceived potential drawbacks to using Notes include: 1) concern about cost-justification (Would the expected lift be justified by the additional cost and production effort required of the product?); 2) the perceived inappropriateness of Notes for certain brands/corporate identities, and also certain client messages; 3) the logistics of out-sourcing and extra time that could be needed in direct mail production schedules; 4) potential overuse and 5) reduction in uniqueness and appeal for the recipient over time.

With few exceptions, there are no meaningful differences in attitudes and behaviors across the business segments. Notes are thought to be just as appropriate for business-to-business (B2B) audiences as for business-to-consumer (B2C). The same is true for First-Class Mail and Standard Mail. The differences in attitudes and behaviors have to do with the perceived utility of RPN notes to their business and specific types of mailings. Most see RPN notes as an add-on to the mailings they currently do, whether those are sent First-Class Mail or Standard Mail.

### Consumers

- Consumers view Notes both as attention-getting and as a useful means of sorting through the advertising mail they receive. Since Notes are at this point unique in the eyes of consumers, they serve as “attractors” to the mailpieces to which they are attached and at present have considerable potential to drive open-and-read rates.
- Consumers also seem quite taken with the interactive qualities of peeling-off and re-using Notes. Hence, the potential for increased message shelf life appears to be a realistic product benefit.

### Small and Medium-Sized Businesses

- The small and medium-sized business segments have mixed reactions to Repositionable Notes. These businesses recognize the additional costs of using Notes and some wonder whether the expected lift will be justified by the additional cost and production effort required.

## ***EXECUTIVE SUMMARY (Cont'd)***

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### Large Businesses

- Large businesses show considerable interest in RPNs and there is a general consensus RPNs will enhance response rates to direct mail.
- Companies that have pilot tested RPNs have had highly mixed experiences with them. About one-half had positive lift. As a group they probably do not provide an accurate reading of RPN potential. Many did not rigorously test the impact of the RPN.

### **RPN Costs and Reactions to USPS Postage Fees**

Smaller and larger businesses seem willing to pay reasonable costs related to printing, materials, and affixing the Notes product.

Small business reactions to the concept of “incremental postage” associated with Notes are less consistent. Some thought that no additional postage is justified in that there is negligible additional weight, and no improvement in service, whether for First-Class Mail or Standard Mail. Others feel that the Postal Service is justified in charging additional postage, and seem to recognize that the postage relates in some way to the added value of the product.

Participants indicate that the higher the expected response rate when using Notes, the higher the incremental postage they would be willing to pay. When asked to assume an increase in response rates, small and large business segments are generally willing to pay higher incremental postage for using Notes than the levels tested in this research.

There are differences in expectations regarding the difference in the incremental postage between the two classes of mail. Small businesses expect to pay higher incremental postage on First-Class Mail than on Standard Mail, due to the higher level of service. In contrast, there is some suggestion that larger mailers may be willing to pay a higher postage fee for Standard Mail than for First-Class Mail, due to their much greater use of Standard Mail and the expected higher response rate with Notes.

Small businesses quite willing to pay the \$0.015 incremental postage for First-Class Mail -- more than three-quarters of them say they would pay. But for Standard Mail, at \$0.03, the resulting acceptance rate is drastically lower. This is particularly evident among smaller flats mailers.

## ***EXECUTIVE SUMMARY (Cont'd)***

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The price difference between the two mail classes would not induce small and medium-sized business to move in or out of a postal class as a mailing strategy. This might be less true for larger mailers.

Based on prices tested, overall interest in using Notes is high. Two-thirds say they are likely to try them. By segment, letter-sized mailers have by far the highest level of interest. Advertising agencies and printers/MSPs also express a high likelihood of using them. Only smaller flat-sized mailers are unlikely to use the product.

Among small businesses, the likelihood of using Notes is quite high for First-Class Mail applications, but is much lower for Standard Mail. For these mailers, based on the prices tested, they would use Notes only with First-Class Mail. For larger businesses, advertising is almost entirely done via Standard Mail, so their use of Notes would be for that product.

Mailers that prepare mail in-house are less likely to use the product than businesses that use mail service providers. Since regulations do not permit them to affix RPNs manually, they would need to outsource at least the RPN portion of their mailing.

# ***I. INTRODUCTION***

## ***I-A. Background and Purpose***

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The Postal Service recently developed “Repositionable Notes (RPN)”, a new product concept intended to give Direct Mail an extra edge. This product allows mailers to affix a message note to the outside envelope of their Direct Mail pieces, calling attention to their product or service and inviting Direct Mail receivers to look inside the envelopes.

Repositionable Notes provide mailers with a unique way to enhance their direct marketing efforts and significantly increase their “open-and-read” rates which, in turn, may lead to an increase in response rates. In addition to providing immediate impact, Repositionable Notes extend the life of the marketing message by making it easy for the recipient to remove the note and, due to the note’s adhesiveness, “reposition” it to a computer, telephone, day-timer, or refrigerator to serve as a reminder or call to action well beyond the life of the original mailpiece.

Repositionable Notes provide an opportunity for the Postal Service to drive the growth of Direct Mail by adding impact, value, and ultimately a greater return-on-investment for direct mailers.

A one-year pilot test of RPN on letter-sized mail was conducted between February 2002 and February 2003 to test the functionality of the processes and to learn customers’ interest in and potential applications of the product. Currently, the Domestic Mail Manual (DMM) allows application of RPN on letters. Due to the success of the RPN on letters program, the Postal Service decided to investigate the possibility of expanding the program to flat-sized mail and of charging a fee for RPNs.

In April 2004 Opinion Research Corporation conducted qualitative research on behalf of the Postal Service to obtain information for the further development of this new product and to obtain information to be used in preparing a rate case filing. The main objectives of this study are to:

- 1) Obtain customer reactions towards this new concept
- 2) Determine if modifications are required to be made to the features designed
- 3) Assess qualitatively the potential use of the product, and
- 4) Test mailers’ willingness to pay a fee for the product

## ***I-B. Methodology***

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Qualitative research was conducted among businesses and consumers. Both focus groups and in-depth telephone interviews were used in this research. Focus groups were conducted with small / medium businesses and consumers; in-depth interviews were conducted with RPN program participants and large businesses.

### **Focus Group Research**

A total of 15 focus groups were conducted from April 6 – 19, 2004 in Dallas, San Francisco, New York City, and Minneapolis.

		<b>NYC</b>	<b>Minneapolis</b>	<b>Dallas</b>	<b>San Francisco</b>
<b>TOTAL GROUPS:</b>	15	5	4	2	4
<b>SMALL / MEDIUM BUSINESSES</b>	11				
LETTER-SIZED MAIL OWNERS	(3)	1	1		1
FLAT-SIZED MAIL OWNERS	(3)	1		1	1
MAILERS/PRINTERS	(2)	1	1		
ADVERTISING AGENCIES	(3)	1	1		1
<b>CONSUMERS</b>	4				
HH INCOME <\$50,000	(2)		1	1	
HH INCOME ≥ \$50,000	(2)	1			1

### **Mail Owners Sending Letter-Sized Direct Mail**

- Small to medium-sized businesses with annual postage expenditures between \$50,000 and \$250,000 that own, generate and send advertising mail.
- 60% or more of the company's advertising mail is letter-sized mail.
- Companies represent a variety of industries, including non-profit organizations. Ad agencies, letter shops, printers, and mail service providers were excluded.
- Participants were senior managers or executives who are most responsible for designing, developing and implementing the marketing, advertising and customer acquisition programs for the company.

## ***I-B. Methodology (Cont'd)***

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### Mail Owners Sending Flat-Sized Direct Mail

- Small to medium-sized businesses with annual postage expenditures between \$50,000 and \$250,000 that own, generate and send advertising mail.
- 60% of all company's ad mail must be flat-sized ad mail (9" x 12").
- Companies represent a variety of industries including non-profit organizations. Ad agencies, letter shops, printers, and mail service providers were excluded.
- Participants were senior managers or executives who are most responsible for designing, developing and implementing the marketing, advertising and customer acquisition programs for the company.

### Printers / Mail Service Providers / Letter Shops

- Small to medium-sized businesses having postage expenditures between \$50,000 and \$250,000 per year that print and/or process advertising mail for other companies.
- Participants were senior managers or executives most responsible for producing advertising materials and implementing mail-processing operations for customers.

### Advertising Agencies

- Small to medium-sized businesses having annual sales revenues less than \$10,000,000 at their location.
- Respondents were senior managers or executives most responsible for advising clients on direct mail designs and applications in the agency.

### Consumers

- Groups were stratified by annual household income, with two groups conducted among consumers with annual household incomes of less than \$50,000 and two groups among consumers with annual household incomes of \$50,000 or more.
- In all groups, the following requirements were used:
  - Age distribution between 21 and 70 years
  - About half of participants were to be male and half females
  - Households receive a variety of types of mail including advertisements and other direct marketing mailpieces.

## ***I-B. Methodology (Cont'd)***

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### Consumers (cont'd)

- Participants were household members who receive the mail from the mailbox or PO Box, and then sort, distribute and/or open the mail.

### Additional Requirements for all groups

- Certain employers and occupations were excluded from all groups: those currently or ever employed by the Postal Service or those with a family member employed by the Postal Service; those employed by competitors such as UPS, FedEx or similar delivery services, or by the Postal Service RPN Program partner, 3M, or any publishers or advertising agencies
- No prior participation in any focus group in the past year, for all groups
- Industries targeted for business focus groups include financial services, telecommunications, travel/hospitality, pharmaceutical industry, retail, manufacturing, business services, and non-profit organizations.

### Focus Group Procedure

All participants were selected for participation through segment-specific qualifying recruitment questionnaires developed by the Project Manager in conjunction with the USPS and administered by focus group facilities. The sample was obtained from a variety of sources: facility databases, telephone directories, published industry lists, and lists provided by the USPS.

Each focus group was led by a professional and experienced moderator, who followed a moderator's guide of questions that covered the objectives of the research. Two moderators were used for this project. One moderator conducted eleven focus groups and the other conducted four groups. The Project Director/Lead Moderator trained the second moderator and both moderators debriefed together after each day of focus groups.

Each focus group lasted approximately two hours. Moderators encouraged open and candid discussion of the topics and probed responses where necessary for clarification or elaboration of motivations and understanding of attitudes and behavior.

## ***I-B. Methodology (Cont'd)***

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### **In-Depth Telephone Interviews**

A total of 35 interviews were conducted by telephone among large businesses and RPN Program participants from March 29 through April 16, 2004. All respondents were recruited and qualified for participation using a recruitment questionnaire. The sample was obtained from a variety of sources: facility databases, telephone directories, published industry lists, and lists provided by the USPS.

The interviews were stratified by the following classifications:

	<u>Number of Interviews</u>
RPN Program Participants	12
Mail Owners sending letter-size or flat-sized mail	9
Printers, Letter Shops and Mail Service Providers	8
Advertising agencies	6

### RPN Program Participants

- Respondents were recruited from a list of approximately 28 companies that participated in the USPS RPN Pilot Program from 2002 – 2003; only one interview was conducted per company.
- The respondent was the person in the company who managed the mail that used Repositionable Notes. If the individual who managed the RPN pilot was no longer with the company, his or her successor who had access to pilot test data was interviewed.

## ***I-B. Methodology (Cont'd)***

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- Respondents' companies represented a variety of industries

### RPN Program Participants

Industry	Number of Interviews
Advertising / Direct Marketing Agencies	2
Non-profits	2
Retailers	2
Mail Order	1
Insurance	2
Mail service providers	1
Publishers	1
Political candidates	1

### Large Business Mailers (Mail Owners)

- Companies spent more than \$250,000 annually on USPS postage and more than \$250,000 annually on USPS postage for direct mail advertising, market and customer acquisition programs.
- Companies all generated and sent either letter-sized or flat-sized advertising mail, via First-Class Mail, Standard Mail, Periodicals, and (or?) Priority Mail. On average, companies send a mix of letter-sized and flat-sized advertising mail (48% of their advertising mail was letter-sized and 50% was flat-sized). For these large mailers, a large portion of domestic advertising mail is sent via Standard Mail, as shown in the following table:

### Large Business Mailers (Mail Owners)

Class of Mail	Average Percent of Advertising Mail
First-Class Mail	18%
Standard Mail	45%
Periodicals	19%
Priority Mail	9%
Other Mail Classes	9%

## ***I-B. Methodology (Cont'd)***

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- Companies represented a variety of industries and services.

### Large Business Mailers (Mail Owners)

Industry	Number of Interviews
Mail order / Catalog	3
Non-profits	1
Banking	2
Publishers	2
Utility	1

- The respondent was the key executive or manager responsible for design, development and implementation of direct mail advertising, marketing and/or customer acquisition programs.

### Printers and Mail Processors

- Printers, letter shops and mail service providers that that spend more than \$5,000,000 in postage for all mailing activities
- 25% or more of postage expenditures are spent on direct mail that the company processes, prepares and/or sends for customers
- The respondent was the senior manager or executive most responsible for recommending direct mail strategy and mail piece design to customers, as well as producing advertising mail materials and implementing mail processing operations.

## ***I-B. Methodology (Cont'd)***

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### Advertising Agencies in Direct Marketing

- Advertising agencies in direct marketing that have at least \$5,000,000 in total annual billings revenues.
- 25% or more of agency's client accounts use direct mail advertising.
- The respondent was the senior manager or executive most responsible for advising clients on direct mail campaigns (strategy, mail piece design, envelopes, and budgeting of the postage/class of mail to be used).
- Respondent was involved in at least three direct mail campaigns for clients in the past two year

### Interview Procedure

All respondents were screened, qualified, and recruited for the research via telephone by the in-depth interviewer. Appointments were set, and in most cases the concept statement was provided to the respondents in advance of the interview. In those cases where respondents were reluctant to provide facsimile numbers or email addresses, the interviewer read the concept during the interview.

The USPS provided a list of 28 company names and contacts for the RPN program participants segment. Samples for the other segments were obtained from a variety of sources: telephone directories, published industry lists, and lists provided by the USPS.

Interviews were conducted by a professional and experienced executive interviewer, who was trained on the project background, goals, and interview guide by the Project Manager. The interviewer followed a discussion guide of open-ended questions and probed where necessary to understand motivations, attitudes and behavior. The interviewer debriefed with the Project Manager and USPS project team after the first four interviews, and debriefed with the Project Manager and moderators on a regular basis.

Each interview lasted 25 - 30 minutes. The discussion guide was developed by the Project Manager in conjunction with the USPS and covered topics similar to the focus group guide. Topics included:

(Program Participants only) Program experience, measures of success, and willingness to use RPNs for future mailings

Current mailing practices in relation to direct mail, measures of mailing success, efforts to increase response rates

## ***I-B. Methodology (Cont'd)***

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Interest in the RPN Concept – likes and dislikes, perceived benefits and drawbacks, potential uses of RPN product, applicable classes of mail for RPN notes, decision criteria for using RPN, and perceived value of RPN for company's direct marketing efforts

Willingness to pay a fee for supplemental postage, above the current postage cost

Testing of price points for First-Class Mail and Standard Mail and decision criteria for paying additional postage

Perceived impact of RPN production costs and additional postage on: 1) the class of mail used and 2) potential changes in advertising mix

## ***I-C. Respondent Characteristics***

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### **Respondent Characteristics—Focus Groups**

A total of 119 individuals participated in the focus groups; 84 were completed among the business segments, plus 35 consumers.

**Number of Focus Group Participants**

		NYC	MINNEAPOLIS	DALLAS	SAN FRANCISCO
TOTAL RESPONDENTS:	<b>119</b>	<b>44</b>	<b>31</b>	<b>17</b>	<b>27</b>
<b>CONSUMER GROUPS</b>	<b>35</b>	9	9	9	8
HH INCOME <\$50,000	18		9	9	
HH INCOME ≥\$50,000	17	9			8
<b>BUSINESS GROUPS:</b>	<b>84</b>	35	22	8	19
LETTER SIZED MAIL OWNERS		8	8		7
FLAT-SIZED MAIL OWNERS		9		8	4
MAILERS/PRINTERS		9	7		
AD AGENCIES		9	7		8

Businesses participants are senior managers or executives who are most responsible for designing, developing and implementing the marketing, advertising and customer acquisition programs for the company. Their titles are listed below.

Respondent Title	Letter-Sized Mailers	Flat-Sized Mailers	Printers/ MSPs	DM Ad Agencies
Account executive	-	-	-	3
Account supervisor	-	-	-	2
Advertising manager	1	-	-	-
AVP account manager	-	-	-	1
Business development director	-	1	-	-
Business development manager	1	-	-	-
CFO	1	-	-	-
Client service manager	-	1	-	-
Communications director	1	-	-	-
Controller	-	1	-	-
Creative director	-	-	-	1
Customer service manager p	-	-	1	-
Director	-	-	1	-
Director administrative services	-	1	-	-
Director business development	-	1	-	-
Director client services	-	-	-	1
Director corporate services	1	-	-	-

## ***I-C. Respondent Characteristics (Cont'd)***

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<b>Respondent Title</b>	<b>Letter-Sized Mailers</b>	<b>Flat-Sized Mailers</b>	<b>Printers/ MSPs</b>	<b>DM Ad Agencies</b>
Director mailing	-	-	1	-
Director marketing	1	-	-	-
Director office services	1	-	-	-
Director operations	-	-	3	-
Director programs	-	1	-	-
Director sales & marketing	-	1	-	-
Executive assistant	1	-	-	-
General manager	1	-	-	-
Manager	-	-	1	-
Management supervisor	-	-	-	1
Manager marketing support	1	-	-	-
Managing partner	-	-	-	1
Marketing coordinator	1	-	-	-
Marketing director	2	1	-	-
Marketing manager	-	1	1	-
Office services manager	-	2	-	-
Operations director	-	1	-	-
Owner	3	3	2	2
Partner	1	-	1	-
President	2	1	2	6
Production manager	-	-	1	-
Regional director	-	-	-	1
VP	-	1	-	-
VP Business development	-	-	-	1
VP CFO	1	-	-	-
VP Operations	-	1	-	-
VP Partner	-	1	-	-
VP Production a	-	-	1	1
Sales manager	1	1	-	-
Senior account executive	-	-	-	2
Senior designer	-	-	-	1
Senior marketing manager	-	1	-	-
Senior product manager	-	1	-	-
Service manager	-	-	1	-
Treasurer	1	-	-	-

## ***I-C. Respondent Characteristics (Cont'd)***

Consumers are stratified by annual household income, with half from HHI <\$50,000 and half from HHI ≥\$50,000 homes. The age distribution was between 21 and 70 years old, and equally divided by gender. All were from households receiving a variety of types of mail, including advertisements and other direct marketing mailpieces. Participants' occupations are listed below.

Administrator-financial	National sales rep.
Architect	Office assistant
Artist/painter	Pediatrician
Assistant to commissioner	Physical therapist
Assistant to president-furniture	Quality assurance coordinator
Bus driver	Real estate broker
Commercial technician	Sales/automotive
Customer service rep.	Sales support
Customs technician	Self-employed--automotive
Data entry	Senior city clerk
Dental hygienist	Senior court clerk
Home maker	Social worker
Hostess hotel	Speech pathologist
Insurance investigator	Stockbroker (retired)
Language specialist	Teacher aide
Legal assistant	Vendor operator
Medical biller	Warehouse worker
Musician	

### **Respondent Characteristics—In-Depth Interviews**

Respondents held a variety of executive, managerial and specialist functional titles as shown below.

Respondent Title	Large Business Mail Owners	Printers / MSPs	Advertising Agencies
Partner / General Manager	-	1	1
VP, Postal Affairs	-	1	-
VP, Marketing	1	1	1
Branch Manager	-	1	-
Director of Marketing	4	-	-
National Advertising Manager	1	1	-
Creative Director	-	-	1
Account Director / Supervisor	-	-	2
Media Supervisor	-	-	1
Operations/Distribution Manager / Supervisor	1	2	-
Customer Service Representative	-	1	-
Direct Marketing Analyst	1	-	-
Advertising & Sponsorship Specialist	1	-	-

## ***I-D. NOTES ON USING FOCUS GROUP RESEARCH***

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All of the findings are based upon the statements of at least one, and sometimes several group participants. This openness can bring to light the breadth and expression of opinions in a way that can aid marketing decision-makers, researchers, advertising agencies, and service providers.

In reading this report, however, it is important to remember that the findings attributable to the focus groups and in-depth interviews are qualitative. Qualitative research provides useful insight for understanding a particular audience's attitudes and perceptions. However, qualitative research is not designed to provide representative findings. Samples are small and not random. The focus group moderator or in-depth interviewer exercises judgment in following up on comments and occasionally suppressing discussion. In focus groups, the dynamics of group discussions can shape the expression of individual viewpoints; during individual interviews the interviewer may probe unmentioned topics or experiences. Therefore, a summary of the findings is necessarily selective and may not properly weight different opinions.

Verbatim comments by participants are included when they add additional insight. These comments are italicized.

## ***II. SMALL / MEDIUM BUSINESSES— FOCUS GROUP FINDINGS***

## ***II-A. Current Advertising Practices / Rationale***

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### **Techniques Used to Entice Envelope-Opening**

Small businesses—mailers, printers, and ad agencies (who advise direct-mailers) — describe a number of ways that have proved effective for them to entice mail recipients to open the advertising mail they receive. The techniques they use center around eye-catching call-outs on the face of the mailpiece (whether business-size envelopes, flats, postcards, or other sizes). This can include using different colors, fonts, affixing additional labels, unusual stamps, etc. Various forms of personalization are also successful.

Participants agree that the visual aspect is only part of the challenge. The message, the call to action, etc., and how it is conveyed, are also an integral part of the creative process. Obviously, who the target audience is determines the particular approach.

*“Creative, being as intriguing as possible. Really getting inside the strategy, the mind of the target that you are looking at and then developing messages that attract their attention.” Minn. Adv.*

*“Any strong branded entity that you can use, their weight on an envelope carries through so I find – I find if you have a strong brand that you’re marketing for if you put that on the envelope it’s going to carry a lot of weight.” NY Adv.*

*“One of the techniques we didn’t actually discuss but we also have like an interactive piece where you can peel off something, like open here and it peels off on the outer envelope. Of course that’s more expensive.” NY Adv.*

*“Offers. If it is a discount, maybe a consumer piece, it is a discount or a dollar off or maybe a financing deal on something that is a big-ticket item. For trade show stuff it might be a sweepstakes or a giveaway to bring it by the booth for a drawing or something like that.” Minn. Adv.*

*“Well sometimes we will buy special stamps, large stamps that are unique and sometimes that will encourage somebody to open it up.” NY Printer*

*“We used one where they asked, ‘we want you back John.’ We ink-jetted it on and they offered the same type as the address.” Minn. Printer*

## ***II-A. Current Advertising Practices / Rationale (Cont'd)***

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*"I think one of the tactics is to kind of make it look like it's especially for you and not for everybody in the world." NY Flats*

*"Personalization. Because it's directed towards that person, they are naming that person one or two times within whatever literature is inside the letter. It looks like you spent more money on it and you did." Minn. Printer*

### **How Success of Mailing Is Evaluated**

Small businesses have many ways by which they measure success of a mailing. These range from straight response rates and conversion rates to sales. Often, test results are compared to a control or benchmark. Others point out that some mailings are more informational, in which case a recipient may save that information and not act on it until later; hence "success" is sometimes hard to track systematically.

One thing is clear. Expectations of what makes a mailing successful are almost entirely dependent on the specifics of that particular mailing. Considerations include the quality and recency of a list; whether the list is of current or lapsed customers, or prospects; the type of mailing—B2B, B2C, not-for-profit, mainstream, cold-call, etc. Among these segments, whether a mailing is successful is more often than not a subjective evaluation.

*"We usually track it by percent so if we get, you know, usually a couple percent we're pretty happy." SF Flats*

*"I just see the business coming in and where it's coming from. If it's coming in from the mail that we sent out, that's how we evaluate it." NY Letter*

*"We don't really look and see if we mail something out and get response right away. A lot of times, with people looking for information so when they do need something or something comes up, they have your info there. That's part of what I would calculate. It's hard to put a number on it." NY Letter*

*"Response rate." SF Adv.*

*"Based on benchmarks." SF Adv*

*"Response and then conversion from there." SF Adv*

## ***II-A. Current Advertising Practices / Rationale (Cont'd)***

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*"I have a standard rule of thumb that I tell my clients. If they listen to the 3%, they're with the wrong agency and I typically tell them that they're going to get 10% or better because I count on them having a decent list. Obviously I'm dealing with customers who have lists, customers who are already pre-qualified. I'm not dealing with blind mailings and what have you." NY Adv.*

*"Well, we evaluate it on our sales. We track our sales from the day the piece is mailed and that's kind of how we track success." Dallas Flats*

*"It's really dependent upon the list. If you're just going on a blanket list, you know, depending on if it's a huge mailing, even under 2% you feel like you've done well because you're getting it so cheap. Other mailings where we really target the list from a control list, we start 7% and go up from there." NY Adv.*

### **Other Advertising Media Use**

The small business segments cite a number of other media that they use (or recommend to their clients). When to use what is largely situational, and the various media are not necessarily interchangeable. Below are some of the other media used:

- Web
- Emails/Emailing PDFs/Emarketing
- Telemarketing
- TV
- Radio
- Magazine ads/ trade publication ads
- Newspapers

Direct mailing is thought to be less expensive than some of the other media, particularly the mass market ones like TV and radio. Web-based media are thought to be perhaps more efficient cost-wise than some Direct Mail programs.

*"Some other media is quite expensive—just thinking about the cost for like an ad—just one ad, I mean for TV, radio, or other than that." SF Letter*

*"We've gotten in more the web just because it's more efficient and so marketing now can be less costly but we're definitely still stuck, you know, still working a lot with mailing a lot of stuff just because we're doing it for a long time and people still like that." SF Flats*

## ***II-A. Current Advertising Practices / Rationale (Cont'd)***

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### **First-Class Mail vs. Standard Mail—Factors Consider When Choosing**

Virtually all participants expect higher response and open-and-read rates from First-Class Mail compared to Standard Mail. Timeliness is a big issue for small and medium businesses—they often have to get something into the hands of recipients quickly, and admit that they do not always budget enough time on their schedule to take advantage of Standard Mail.

*“If money were no object, you know, if it were exactly the same cost by all means we’d mail First-Class because they get there faster. Even if people couldn’t tell just looking at the envelope that it was a different – I mean this one would have to go Priority Mail it’s so heavy -- they get there faster, which is obviously great, because there are people, you know, the vast majority of people who are ever going to order from a catalog do so in the first couple of weeks that it’s in their hands.” SF Flats*

*“First-Class. It really kind of depends on the timing. Somehow this business is always like sometimes last minute. Plus if you have an offer and that’s, you know, time sensitive then you usually automatically go for First-Class Mail.” NY Adv.*

These participants also recognize the psychological impact of First-Class Mail on recipients, who are thought to take it much more seriously than Standard Mail. This is an important consideration for all mailers and is one of the reasons why most will trade-off the lower costs of Standard Mail for the perceived prestige that First-Class Mail promises.

*“I mean from a consumer standpoint, even stepping away from being a direct marketer, you have to – there’s a psychological thing when you get something in the mail that says First-Class versus bulk mail. We do our best to send everything First-Class no matter what the situation is.” Minn. Adv.*

*“No, well – but the exception is that it came in bulk, that’s it not important. It never gets to the person. It’s in their low priority box. [First-Class] is an assurance that somebody’s going to open it. If they see a stamp, they’re more apt rather than that bulk mail type of package. They know that it’s something specific rather than just mass-produced.” NY Flats*

A few participants don’t see a major difference in the perceived prestige of First-Class Mail, because they feel Priority Mail now has the prestige that First-Class Mail once had.

## ***II-A. Current Advertising Practices / Rationale (Cont'd)***

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*"I don't think there's any difference between First-Class and Standard in that regard. I think there is a difference between Priority Mail and the others. The Postal Service has done a really good job in building the Priority Mail branding and that definitely – because we – I happen to know because we ship a lot of stuff Priority Mail. There is a lot of, you know, magic attached to that brand. First-Class versus Standard, in my opinion, there probably isn't that much." SF Flats*

Cost is a major factor, whether for letter or flats mailers. Among the latter, cost is the principal driver for using Standard Mail.

*"Cost. We mail fairly heavy – you know, it's a fairly heavy piece and it goes to a lot of people and we're sending it for free so it's pure cost for us....Our delivery, we don't have a huge problem with loss on bulk mail, it's mostly a timeliness thing....We're still getting mail arriving a month after the drop on bulk mail but you get what you pay for." SF Flats*

*"Yes, but one of the things that we consider also is budget and sometimes the budget just isn't there for First-Class, so we have to go Standard." NY Letter*

Mail class service is the other primary factor in choosing First-Class Mail over Standard Mail. In addition to faster delivery, some participants use First-Class Mail for the free address correction service as a way to evaluate, and update, their mailing lists.

*"In my experience if I was doing a B to B mailing, First-Class tends to be a little bit better and plus their return; like, if it bounces back to me that's good to know. I don't get the same with Standard Mail, but sometimes Standard Mail is good for financial services. They kind of stay with that." NY Adv.*

### **Openness to New Mailing Techniques**

There is a sense that, even though there are a lot of creative options available to direct mailing, many are already being used extensively in the industry. Participants, across the board, appear quite interested in learning about new approaches and techniques to ad mailing.

*"I'm always looking for something new and exciting!" NY Adv.*

## ***II-B. Reactions to RPN Concept***

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After discussing current direct mail practices and attitudes, the moderator asked participants to read the following RPN concept statement and summarize their initial impressions by rating the concept as “Excellent, Very Good, Good, Fair or Poor.” The moderator then led the group through further discussion and evaluation.

### **Repositionable Notes (RPN)**

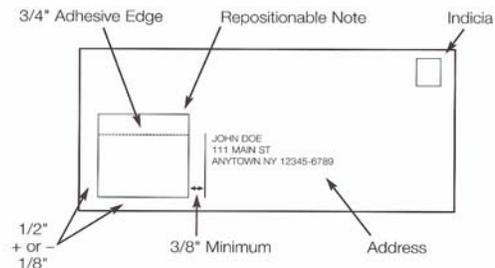
A Repositionable Note is a new product for use in direct mail. In common terms it is a Post-it™ or “sticky” that is affixed directly to the outgoing envelope.

Some ways to use RPNs are as a:

- Teaser copy
- Coupon that can be redeemed
- Removable device that can be attached to a reply card inside the envelope
- Reminder device that includes a phone number or website address to place near the phone or other convenient location
- Last minute offer or promotion
- Last minute error corrections
- Personalized message to the recipient -- “Dear Judy”...

#### Mailing Requirements:

- Notes must be obtained from a USPS-approved RPN vendor
- Notes must be square in shape and measure 3 by 3 inches
- May not contain phosphorescent or red fluorescent colorants
- Notes are affixed directly to the address side of First-Class Mail and Standard Mail letter-size mail pieces
- Must be positioned for letters according to diagram below, template for flats will be provided upon launch
- Manually-affixed notes are not permitted
- The note is included as an integral part of the mail piece for weight and postage rate computation purposes
- Notes must conform to mailing requirements (addressing, automation-compatibility, etc.) and content restrictions applicable to the class of mail being used
- Mailers must present evidence at the time of mailing to show that their Repositionable Notes have been supplied by an approved vendor.



## ***II-B. Reactions to RPN Concept (Cont'd)***

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### **Initial Reactions to the Concept**

When first presented with the concept description, about one in three of the participants rate it “excellent” or “very good,” by a show of hands. Only about one in five rates the concept negatively. Overall, initial reactions to RPN are decidedly mixed across all of the business segments. Comments, both pro and con, center around two areas. The first is that potential uses for the benefits that RPN offer are situational. Many respondents can think of how they might be able to use RPN, while others say the product is not appropriate for their specific types of mailings. Participants do not see RPN as being any more or less appropriate for B2B or B2C mailings.

*“I like this idea. It is good marketing and for me as a consumer when I come home and get my mail, something that is out of the ordinary catches my eye and it is the first thing I see.” Minn. Printer*

*“We wouldn’t have any use for this. It appears to be more like a contest or one of those record companies. You know, buy so many records, get so many free. It just doesn’t fit into the insurance world.” NY Flats*

*“Sounds like too many requirements to me.” SF Flats*

*“Well, the thing that kills me about the repositioning part is we did a promotion where we printed the coupon code right on the mailpiece and we put in big letters, I mean big letters, do not throw away this envelope. I spent the rest of my life answering calls from people saying I threw away my envelope, what’s my coupon code? The idea here is that this way there’s something they can take with them because people throw away envelopes.” It’s just like a biological reaction that people have evolved. You know our ancestors when they came down from the trees, the one thing I must remember is ‘develop fire and throw away all envelopes.’” SF Flats*

*“Because I think it can get your mail noticed and it would stick out, at least initially if a lot of people weren’t doing it.” Minn. Letter*

*“I thought it would be great for marketing, good for a coupon or something like that where you have a lot of customers that would like to do something for redeeming and perfining and tear offs, this will be something unique that will stand out.” Minn. Printer*

## ***II-B. Reactions to RPN Concept (Cont'd)***

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Participants also comment on potential drawbacks to using RPNs. A number of them react to the possibility of added “hassles” that using Notes would entail. Some feel the regulations might be too restrictive, and other express concern about whether Notes can actually make it through the mail without falling off or getting ripped or torn. A number of participants also note that they would have to know a lot more about RPNs before they could ever make a decision on whether to use them.

*“When I first started reading, I was thinking, oh this is cool; I can put it anywhere I want. Then I found out I couldn’t put it anywhere I wanted. I found out it can’t be manually applied. So, it wasn’t as powerful an idea from what I first thought. And I really don’t know, I mean does it flap up? Is it really like a sticky note? Does it kind of flap around a little bit so it kind of draws attention that way or does it lay firmly flat.” Minn. Letter*

*“It’s interesting, but there’s a lot of hassle to venture.” SF Flats*

*“My first thought is how long will they stay on; I think that this is going to get ripped off.” SF Flats*

*“I think it’s good because of everything in the top here [description of product uses]. These are definitely things I could use. The reason why it didn’t get a very good or excellent rating from me is because of all the stuff you have to do.” Dallas Flats*

Printers/MSPs seem to focus initially on questions relating to the actual production process and less on marketing potential.

*“How much do they tear?” Minn. Printer*

*“Machinability-wise, how is it?” Minn. Printer*

*“I think of them just flying off.” Minn. Printer*

*“Sounds like an expensive procedure.” Minn. Printer*

*“That they would be difficult to apply in your labor.” NY Printer*

*“Can I personalize it?” NY Printer*

*“First of all we have to find out what machinery we need to be able to put these on.” Minn. Printer*

### **Likes – Dislikes**

The main things that most participants *like* best about Repositionable Notes are that the mail seems more personalized and thus the mail stands out more. Some feel that using Notes means that they don’t have to print other enticements on the envelopes because Notes already serve to get recipients to look inside. In this sense, Notes can replace other ‘teaser’ efforts. Another thing participants like is the interactive quality of Notes.

## **II-B. Reactions to RPN Concept (Cont'd)**

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*“Yes it is like someone went to some trouble. Some thought went into getting this piece in the mail and getting it to my home. It looks a little bit personalized, like it is designed for me.” Dallas Flats*

*“It’s definitely an attention-getter. It just grabs your attention quicker. You don’t have to put that enticement on the outside to get them to open it to see that. It is already there.” Minn. Printer*

*“From some of the suggestions that they said here, a removable device, perhaps it could be a coupon to redeem at a later date. But you may not want to keep the entire mailing, right? Just keep the sticky note and stick it on.” NY Flats*

*“For the first little while, people – I mean this is going to get people’s attention. Eventually people will get inured to it but the first five or ten things like this that they get in the mail they’re going to go so, how’d they stick a Post It note on the envelope, you know. There will be a little bit of novelty value.” SF Flats*

*“As a coupon. You are excited to see the coupon and you will flip through the catalog, I mean I would. What do I want to spend it on?” NY Letter*

*“From a production point of view, this is a lot easier than having a piece inside the envelope because we can just ink jet the whole thing at once– at the same time from the same database rather than having to do some kind of fiddling, stuff things in synchronization.” NY Flats*

The things that participants dislike center on cost and efficacy. The business segments all want to know how much Notes will cost, and worry whether that extra cost, and effort, will be worth the gain. The question of how long Notes will be unique is also a concern to participants. They wonder how commonplace Notes will become, at which point they will begin to lose their breakthrough effectiveness.

*“I think perhaps a negative might be that it is very hot in the beginning but I think it might not remain as more and more people do it.” Dallas Flats*

*“It’s just a tipping point. It’s great until suddenly everybody starts doing these.” Minn. Letter*

*“It will work at very special value or newness, but it will fade out in time from overuse.” Minn. Letter*

## ***II-B. Reactions to RPN Concept (Cont'd)***

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*“Again I think they would have a great newness value, but I don’t think it will last for long.” Minn. Letter*

*“They add cost and don’t add long-term benefit.” Minn. Letter*

*“I think over time that it’s not going to take long – you’re going to hate these things. That’s because I already am annoyed with them on the stupid newspapers.” Minn. Letter*

*“They become like wallpaper. You receive too much, you stop paying attention.” Minn. Letter*

*“Well it’s new and so for whatever length of time it takes for everybody else to do it, it will look a little bit unique.” NY Letter*

*“It’ll be short term – medium term effectiveness. People will get used to seeing it after a period of time.” NY Adv.*

*“It will be a novelty and surely when it first launches, but once you get used to seeing it, it’ll just lose its effect.” NY Adv.*

*“If I got ten letters and one of them had this, I would be ideal and I’d open it. If all my mail started coming with these and you start to get used to it and you’d say oh, it’s just another one of those.” NY Flat*

*“I think perhaps a negative might be that it is very hot in the beginning but I think it might not remain as more and more people do it.” NY Printer*

*“I think until it becomes common. As soon as everybody does it, it is not unique anymore.” Minn. Printer*

*“I hope it is not a trendy kind of thing.” Minn. Printer*

Other negative comments pertain to design aesthetics and appropriateness for certain mailings, the implication being that Notes are not upscale enough for some uses.

Printers show some concern about the additional equipment they would have to acquire in order to work with RPNs.

*“Can I ask you the cost of this? Is there extra cost to the mail house to put it on?” NY Flats*

*“Any additional cost. Is there going to be an additional fee for the post office for this type of mail?” Dallas Flats*

## **II-B. Reactions to RPN Concept (Cont'd)**

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*It's the cost and the savings or how much more is it going to cost me to get that out there. What's our message? The shelf life, I mean I can see a couple of ways to use this but again if it's too much it's going to be shot down, you know." NY Flats*

*"I feel like I'm going to pick it up if I get this in my mail and I'm going to just throw it away. I don't feel like the messages jump off of this post it note at all." NY Adv.*

*"I don't think there's any way you could make it more upscale by putting a post it note on it. You are increasing the personalized connection, but you're definitely not upgrading the message." NY Adv.*

*"It kind of takes away from the overall message on the envelope. I mean, I don't know, I deal with a lot of creatives and I would be kind of upset if I spent all this time and money sending it." Minn. Adv.*

*"Well that limits us as a mailing house. In other words I have to get this equipment." NY Printer*

*"They're not manually fixed. I mean, some company has to do it." Dallas Flats*

## ***II-B. Reactions to RPN Concept (Cont'd)***

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### **Benefits of Using**

Participants play back many of the benefits of using Notes that they read on the concept statement. These benefits include increased response rates, longer offer shelf life, brand/image associations, and higher conversion/sales rates.

They particularly like the idea that Notes can be personalized, and readily see the potential advantages of that. They also see the interactive nature of the product—Notes invite some action from the recipient—to look inside, and to detach and save somewhere else, as on a refrigerator, computer screen, file cabinet, phone, day planner, message board, etc. And this act invites other actions (the shelf-life effect) in the future, such as redeeming a coupon, making a phone call, ordering something, or any number of other calls to action. Alternately, the Note can be saved for informational purposes only and, presumably, the linkage is made between the information and the sender (sponsor or brand).

Group participants also volunteer any number of ways to use RPNs:

- Coupon offer
- Price-off
- Language cue (for mailings intended for non-English speaking readers)
- Announce a pricing change
- Errata
- Date change/ expiration date
- Save the date
- Announce new product/service
- Specific calls to action

*“It makes it more interactive so the person’s more likely to look at the package a little differently, especially to pull it off and see what’s underneath. I can tear it off and put it on my refrigerator. It has got all the information, the phone number, website and what it is.” NY Adv.*

*“This would definitely increase response rates. Like I said, I think it’s impactful, I think it’s a directive, I think it’s innovative, you know, I think it gets you – it makes you open something, even if you don’t open the envelope, you definitely peel it off.” NY Letter*

*“Increased response meaning increased sales.” Dallas Flats*

## **II-B. Reactions to RPN Concept (Cont'd)**

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*"To have something like this attached to my itinerary, some important reminder – so if these could be printed almost just in time, that would be a huge benefit because we're always talking about how could we put something in that itinerary package to remind the customer of this new information. Minn. Letter*

*"I could see where you have somebody using them as a coupon redemption and that could be – that could be an easy way to get your coupon out there where it might otherwise get massed. As a reminder day or when a sale is going on, I think it will be a little easier because it's – yes, it does kind of jump out versus just being on the paper." NY Letter*

*"I think people are accustomed to using sticky notes and putting them on things and I almost feel like here – I don't know about everybody else at this point along, I feel like you're almost kind of obligated to pull it off and stick it some place else. And I think that's a tangible benefit because I think that other piece is – that's pretty easy to take a post card or a direct note piece and throw it away." Minn. Letter*

*"I think there's what we kind of call a cheese factor where it could be kind of cheesy but in the right setting it could be a cute, little catchy gizmo attraction." Dallas Flats*

*"I would recommend business to business but not like – not like senior management, somewhere in the middle because it looks like a note coming from somebody oh, Andrew take a look at this, you might be interested." NY Adv.*

*"It would be a really strong thing for targeted direct – local direct mail – really local direct mail and if you had hotels and they're always having problems with the restaurant. This is a great thing to drop to the local ZIP Codes and you slap it on something, practically a coupon offer in itself." NY Adv*

*"The only possible thing I could think that it might be longer than life to your message is, for example, when our congress is – when we have people go into it as a reminder or for our national recognition week, plan now, order by such and such a date. Put that on the bulletin board wall or onto your monitor or something like that to keep your message a little longer life." Dallas Flats*

*"Coupon. A limited-time promotion." NY Adv.*

## ***II-B. Reactions to RPN Concept (Cont'd)***

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### **Barriers to Use**

By far the biggest barrier to using Repositionable Notes is the perception of additional costs associated with the product. There are other executional concerns as well -- that Notes may become commonplace over time with diminished effectiveness in terms of response rates and shelf life; that Notes are inappropriate for some certain upscale clients; and timing and production issues.

*“Cost. And if it does start to get overused, then you wouldn’t use it anymore but if it’s not being used a lot it could be really – I mean I could definitely see a great value in this if you get there first.” MN Letter*

*“The shelf life, initially it will go up but I think it will fall back down. People will catch on.” NY letter*

*“Here again, I think it depends on the business. If it’s sales or something, you know, it just depends. I think in some instances it could decrease your response rate, depending on the mailings -- if they’re professional and who it’s going to, if they look at it as a piece of junk mail or as a piece of something that they kind of have respect for, you know.” Dallas Flats*

*“Possibility, but still people I think are bent on business cards rather than Post It notes because this is rather informal.” SF Letter*

*“I was thinking this wouldn’t be something I would recommend for our upscale clients. Maybe it was a good example (COMPANY NAME), it’s a solid company and you have a post-it on it. So it depends what the message would be, I think.” Minn. Letter*

*“I guess from an image standpoint, to me it’s a little cheaper than what you want to do on some mailings. If you’ve got a design studio like we do, when we want to do a mailing to our designers, it looks cheap.” NY Flats*

*“Well, it’s not classy looking, so again I would definitely have to target the right audience – you know, if we were doing a fun fest or something.” Dallas Flats*

*“Our advertising isn’t supposed to look like advertising. That’s why we wouldn’t pursue that. Our advertising is really advertising in terms of brand recognition, but it’s not ‘buy one, get one free’ kind of advertising.” NY Letter*

## **II-B. Reactions to RPN Concept (Cont'd)**

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*“Just one possibility, if it’s going to a business, somebody could wonder whether somebody just wrote that on there in the mailroom or somewhere else in the company. Maybe they just might get it confused. There’s a lot of that fooling around already, you know. As a result it just hits the trash can.” NY Adv.*

*“I think the other thing would be getting the thing through a system is difficult--preparing the mail, the forms and so forth. It looks like there’s some additional steps in here that your mail house is going to have to go through or you’ll have to go through to get – present evidence, the time mailing, show its response, approve a vendor. That’s another step that sometimes I don’t want to mess with.” Dallas Flats*

*“How easy is it to get it done, like I said, how many vendors are going to be out there that will do this?” NY Flats*

*“Schedule. I would imagine it would slow it down some. Well, you got extra approval cycles, you got extra everything all the way across the board, and I think you’re looking at another day and a half to two days. NY Adv.*

*“I would say five days more time.” Dallas Flats*

*“First I would make sure of the cost. Once I have the cost, the production time, you know, how long would it take and then I would present it to my client. I would recommend it – see, I unfortunately don’t have any data to back up whether it has been successful or not been successful. It would be helpful, yes, to have some data.” NY Adv.*

## **II-B. Reactions to RPN Concept (Cont'd)**

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### **Potential Effects of Using Repositionable Notes**

Participants mostly agree RPN notes will positively affect several direct mailing objectives common to the industry.

Response rates. In principle, participants agree that Notes have the potential to lift response rates. This is one of the basic assumptions of using Notes.

*"Why up? Like I said, I think it's impactful, I think it's a directive, I think it's innovative, you know, I think it gets you – it makes you open something, even if you don't open the envelope, you definitely peel it off." NY Adv.*

*"If we did it we'd certainly do it with anticipation of improved response rates. That's the only reason we'd have had to doing it." SF Flats*

*"I would say it would probably be increased but, you know, I don't know how long it would work." Minn. Letter*

- Shelf life of message. The same goes for extended message shelf life. The interactive nature of peeling something off that is worth saving, and taking action on it at some time in the future, contributes to the shelf life of an offer.

*"I think depending on what you're trying to drive, yes. So with each mailing if you have a specific goal or even for that or whatever, you just focus it all on this and then – and then worst case scenario they hopefully pull that and stick it and then you toss the rate." SF Flats*

*"That's interesting from this standpoint. I can just see this, you know. I think it increases the shelf life of this." Minn. Letter*

*"Because I think you can peel it off and put it somewhere and, you know, it will go up if it's used." NY Flats*

- Company brand/image identity. When asked directly, some participants believe that Notes could adversely impact a brand's image. As discussed earlier, participants recognize that there are opportunistic uses for Notes, and they would need to decide on a case-by-case basis whether the product would be appropriate.

*"I was thinking this wouldn't be something I would recommend for our upscale clients." NY Adv.*

*"I think that it has a potential to cheapen." Minn. Letter*

## **II-B. Reactions to RPN Concept (Cont'd)**

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- Timetables to produce and mail. It is clear that participants recognize that the product will require some time to produce. Whether that means additional time on their overall schedule or concurrent with it depends on the situation. For in-house mailers, the regulations require that they send it out, so this segment will likely be looking at additional time.

*“Well, you got extra approval cycles, you got extra everything all the way across the board and I think you’re looking at another day and a half to two days.” NY Adv.*

*“Absolutely. Absolutely, no question it would increase timetables.”  
Minn. Printer*

*“Oh, there’ll probably be an issue the first two times and then – then we’d have the kinks out of the process.” SF Flats*

- Use of mail houses / letter shops. Those already using mailing houses do not see continuing to use them as a problem. They say they would first see if their usual provider can do Notes. Some even say they would go elsewhere if need be.

In-house mailers face a different issue. Since the RPNs cannot be affixed manually, they would likely need to go outside to obtain the capability to affix the RPNS. This represents a real hurdle for those who are accustomed to doing their direct mailing in-house. For some, that is a deal-breaker; others seem willing to outsource Notes.

*“We would not.” Dallas Flats*

*“If I could justify it [going to a mail shop]. It’s really not a problem.”  
Minn. Flats*

## ***II-B. Reactions to RPN Concept (Cont'd)***

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### **Printing & Affixing Costs**

When asked on an unaided basis what they would expect to pay per piece for RPN printing and affixing, participants are generally able to articulate a fairly narrow cost range. Across all segments, prices mentioned ranged from \$0.02 up to about \$0.10.

Although added costs are always an issue with direct mailers, there is a general feeling that the estimated printing and affixing costs are not a 'deal breaker' against using Notes, given their generally positive interest in using them. Note that the printers, letter shops, and Mail services providers recognize that additional machinery may need to be acquired which in some way will affect the prices they charge. Also, one participant brought up the fact that an initial minimum paper purchase must be made from the approved Notes vendor. However, the moderator pointed out that initial paper investment falls to the printer, not the end-user; hence, overall printing prices would not necessarily be affected.

*"Who is affixing this, the mail house? And how much is it going to cost?"*

*"Two cents."*

*"Three cents."*

*"I would say closer to five."*

*"I'll say ten cents if it's customized. But I wouldn't customize so I'll go with your five cents." Various segments*

### **Appropriateness for Mail Classes**

There is no consensus among the business segments, or among participants, as to whether Notes are more appropriate for First-Class Mail or Standard Mail. A good many feel they are appropriate for both, in that the potential benefits of using Notes could accrue to either mail class. The majority of participants see Notes as an add-on to the mailings they currently do, whether those are sent First-Class Mail or Standard Mail.

Perhaps a better way to look at this is whether Notes are inappropriate for either class. The answer to this is generally "no." Some see Notes as a good enhancement to First-Class Mail and others see them as an even better enhancement to Standard Mail—perhaps even disguising the fact that the piece was sent Standard Mail.

As reported earlier in this report, some participants regard Notes as not classy enough for some, or all, of their First-Class Mail mailings. Others mention that they would use them on First-Class Mail simply because they always use First-Class Mail due to speed of delivery (though not necessarily taking into consideration the additional time needed for RPN production) on a given direct mailing.

There is no evidence from the group discussions to suggest that Repositionable Notes would be used, in and of themselves, to shift mailing classes, in either direction.

## ***II-B. Reactions to RPN Concept (Cont'd)***

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### **Reactions to Mailing Requirements**

Participants were asked for their reactions to specific mailing requirements listed in the concept description. By and large, there are no real issues with respect to the RPN postal requirements regarding color, size, or positioning. Participants make scattered comments regarding personal design preferences, but the requirements are generally deemed acceptable by all of the small and medium-sized business segments.

- The ink color restrictions are a non-issue since they are not at all restrictive. As for the paper color, some participants point out that 'Post-It yellow' is a good color to start with because of the obvious cue to the now-ubiquitous Post-It notes. Other desirable colors mentioned are blue, salmon, and purple.

*"Yes. I don't think I would go with the yellow sticky Post-It. Yeah and also the way it's printed. A look of graphite would be nice, like someone handwrote a note on there with pencil"* NY Letter

- The 3 x 3 size also seems quite acceptable. Some participants ask for a smaller size. If anything, flat-mailers seem to want the overall size of the Notes to be a little larger, owing to the larger surface area of flat-sized mail. Many participants would also like the flexibility of using other shapes, a telephone being mentioned most often.
- The positioning requirements cause a bit more debate. Some participants (especially advertising agencies, but also including both letter- and flat-sized mailers) would like the Notes to be positioned on the backside of the envelope in some cases. This is due simply to graphic design considerations. A few others think that being able to tilt the angle of the Notes off the horizontal might be more eye-catching, and looking like someone placed it there by hand. Again, this is a design consideration only.
- As noted earlier, there was a lot of discussion at various points in the focus groups about the fact that Repositionable Notes cannot be affixed manually or in-house. For in-house mailers, this is an onerous mailing requirement.

*"If we could do it internally, that would make a big difference."* NY Flats

## ***II-B. Reactions to RPN Concept (Cont'd)***

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### **Added Value to Direct Mail Programs**

When asked if they believe the RPN program would provide value to their direct mail programs and overall marketing efforts, more than half of all participants say that Notes would add value, as reported by a show of hands. About one in three says Notes *might* add value, and only about one in ten thinks Notes would not add any value. All in all, this is a fairly strong endorsement of the product's potential.

Many of the reasons given for RPNs adding value are the same ideas already discussed - uniqueness as a product, likelihood of making someone want to open the envelope, expected higher response rates, and enhanced message shelf life, among other reasons.

Reasons against RPNs adding value are generally about the fact that Notes are not right for a particular target audience or a particular client. The issue of brand appropriateness and not being 'classy' enough ("bulk rate" feel) is also mentioned. Some participants believe that the mailing restrictions (particularly no manually-applied in-house mailing allowed) make the product less appealing. There is a feeling that using Notes represents a lot of extra work, some extra time, and the risk of additional costs that may not come back in the form of increased response rates or benefits of using the product.

*"It's the things we've all talked about; I mean being able to get that opened – the envelope itself." Minn. Adv.*

*"If it's – you know, 4 to 5 cents, it seems fairly cheap and if it increases our response. See it doesn't seem like I would have to increase response rates a lot to be successful. You know what I mean? You're talking 4 cents to – like we'd probably have to only have a couple thousand enlist so you're saying for an extra, let's say, an average of \$6 so for \$18 a mailing or actually no, that's just for the cost of this, so whatever the cost is to get them put on, whatever, you know, that doesn't seem to be that expensive." SF Flats*

*"The concept is unique but the value will only come depending upon on what the words are, what the copy and design accomplish." Dallas Flats*

*"Shelf life increases possibly. I'm just like I keep sitting back – the only thing that's holding me back is there's only so much design you can put on a post-it note because you want it to look like it's homemade." NY Flats*

## ***II-B. Reactions to RPN Concept (Cont'd)***

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*“Well, you know, I think that for somebody it may have some value. I’m thinking of all of the clients that I have in terms of the value that I’d be able to add. It’s a question of budget, and then it’s more headaches, and by the time you figure the impact that it’s really adding, is it worth going through the trouble? And I would think so. I think it would be on the negative side of that in the argument.” NY Adv.*

### **Reaction to Testimonial**

The moderator paraphrased a testimonial success story of First Charter Bank, one of the RPN Pilot participants. (See Appendix for text of Testimonial.) Participants were asked if the Testimonial provided information that would help them in deciding to use Notes.

The Bank testimonial served as an extension to the RPN concept. It provided a real-world “high value” example to participants of how well the product can work, and added legitimacy to participants’ consideration of trying Notes themselves.

The testimonial also set a plausible upper limit (of 30% lift), which was used in the pricing exercise that followed. Participants’ reactions to the testimonial illustrate an actual example is very useful in helping to define how the product works, as compared to the abstract definition provided earlier. This better understanding includes a better grasp of its potential to prospective users. Businesses seem to need examples from a variety of industries, so they can “transfer” the success story to their business.

*“With the right product and the right audience it could be very useful.” Dallas Flats*

*“I’d like a book with a number of case studies. It could show different situations and a range of outcomes.” NY Adv.*

*“Well, I’d need more than one case study. Does the Postal Service publish data like this or a book of case studies to support this product with a book like that?” Minn. Letter*

*“But again, my reaction – my first reaction to the story is that’s what we’d have to do is maybe on the – you know, we have a big enough list and we can do a practical AB test and split it up and do half with notes and half without and see what happens.” SF Flats*

*“I feel better about the program, much better, because we have a number of clients in the financial services industry that I could go back and like – this is like specific for them. That would be a great thing to show.” NY Adv.*

## ***II-C. Postage Pricing***

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### **Willingness to Pay Additional Costs for RPN Notes (Unaided)**

One of the key components in the overall consideration of using Repositionable Notes is the additional cost of RPN Note production and the possibility of an incremental postage fee.

Regarding RPN production costs, participants seem readily willing to accept the portion of costs related to printing, materials, and affixing (presented to them as approximately \$0.04 per piece). Taken as a percentage of their mailpiece averages, this seems reasonable to them.

Among small and medium-sized businesses, however, reactions to the possibility of incremental postage are more volatile. Some argue that no additional postage is justified. Others seem to recognize that the postage relates in some way to the added value of the product.

Nevertheless, the study results illustrate that participants view incremental postage as part of a rational equation. The higher the expected response rate, the higher the incremental postage they would be willing to pay. *On an unaided basis, i.e.,* without having been presented any price points, participants said they would be willing to pay, on average, an additional \$.04 per piece, based on achieving a 10% lift (response rate increase), and \$.07 per piece, based on achieving a 30% lift for First-Class Mail. On Standard Mail, they would be willing to pay less on average—about \$.03 assuming a 10% lift and about \$.05 at a 30% lift.

These average prices are based on responses by all respondents, as recorded independently prior to group discussion. Participants were asked to write the amount they would be willing to pay for incremental postage. A summary of responses by group and segment are provided in the Appendix.

### **Reactions to USPS Proposed Rates—First-Class Mail vs. Standard Mail**

There were differences in reaction among the small and medium-sized business segments with respect to the First-Class Mail and Standard Mail prices presented to them initially (\$.015 per piece for First-Class Mail, and \$0.03 for Standard Mail). Without assuming any increase in response rate, participants are quite willing to pay the incremental \$0.015 postage for First-Class Mail—more than three-quarters of them say they would. But for Standard Mail postage, the resulting acceptance rate at \$0.03 is drastically lower, with only about two in five respondents saying they would pay it. When asked to consider a lower rate of \$0.015 for Standard Mail, the acceptance rate practically doubles, with the majority accepting the lower \$0.015 rate.

Flat-sized mailers, in particular, are far less willing to pay the suggested \$0.03 incremental postage for Standard Mail than the other segments. Furthermore, this disparity between mail classes results in a much lower overall willingness among flat-sized mailers to use the product, as is shown in the Appendix.

## ***II-D. Mail Class Tradeoffs***

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### **How Differential Postage Costs Affect Class of Mail Use**

Mailers, for the most part, say they intend to use Notes for the mail class and situations they already use. That is, they see the product as an enhancement to their current mailing strategies. Participants seem far less likely to utilize Notes to switch to a different class of mail.

*“Most of the work that I do is time-sensitive or has a special offer associated with it. I just don’t do Standard Mail, I never recommend it.” NY Flats*

There are also differences in incremental postage price expectations between classes of mail. Some participants expect to pay lower incremental postage on Standard Mail than they would for First-Class Mail, due to the lower level of service associated with Standard Mail.

*“If the postage were the same, I’d be more likely to use it [for Standard Mail].” NY Adv.*

*“Why should we [pay more for Standard]? There hasn’t been a service improvement.” Minn. Letter*

### **Willingness to Shift Media Mix**

Most participants from small and medium-sized business segments say they are willing to consider switching allocations from other advertising media to RPN programs if they can justify that the return would be greater with RPN Notes. This is largely a hypothetical exercise for all but the advertising agency participants, who are more likely to be in a position to advise their clients on media selection. For many of the rest, the media weight consideration is pretty much a financial calculation, and appears to be based on the assumption that any shifts would come from more expensive media, not cheaper alternatives, such as online programs. Subjective judgments also come into play. Some participants say they might shift other advertising media into RPN programs on a case-by-case basis if Notes were to serve a particular marketing objective

*“But you are saying if our client is direct mail, DR print or TV and obviously it is more expensive, if we can shift the dollars and show them well if you take the X dollars you are spending in print and shift it into Direct Mail and stick this note on it – they might do that.” SF Adv.*

## ***II-D. Mail Class Tradeoffs (Cont'd)***

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*“But then you have to consider also when you do other types of DR such as print or TV, you are getting that awareness factor that you are not getting with direct mail.” SF Adv.*

*“Well again, if I can show greater results, I’m going to shift some money.” NY Adv.*

*“I agree, if I could show greater results I would recommend going with the RPNs.” NY Letter*

## ***II-E. Willingness to Use RPNs***

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Based on a questionnaire administered at the end of each group, there is a high interest in using RPN—almost two-thirds of all participants say they are likely to try them. Only one-third say they are unlikely to do so. There are some differences by business segment. Letter-sized mailers have by far the highest level of interest. Advertising agencies (a fairly sophisticated group) and printers/MSPs also express a high likelihood of using/recommending them. Flat-sized mailers are the only segment where many are unlikely to use the product. For this segment, it seems to be largely a cost issue relating to the higher proposed postage for using RPN on Standard Mail, as their willingness to use RPN increases with a decrease in the amount of the postage fee.

The Appendix includes a summary of respondent answers to the self-administered questionnaire.

### ***III. CONSUMERS—FOCUS GROUP FINDINGS***

## ***III-A. How Handle Mail at Home***

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### **Types of Mail Received**

Consumers receive a fairly wide variety of mail at home. Advertising mail represents a significant portion of it.

- Credit cards
- Applications Personal mail International mail
- Home/store pamphlets
- Advertising
- Catalogs
- Magazines
- Newspaper ads
- Coupons
- Insurance notices/advertising
- Bills
- Phone companies
- Car repair reminders
- Promotional—banks, travel, magazines, computers
- Small packages
- Solicitations/ads
- Flyers/circulars
- Product samples
- Grocery store specials
- Real estate solicitations

### **Volume**

Among those offering an estimate, participants receive an average of about six (6) pieces of mail every day. When asked, the general feeling is that the volume of mail they receive is increasing over time. In particular, they get more advertising mail than they used to. Some believe their volume is increasing because they are being included on email lists and other product-related lists which are then sold to others, even though they haven't necessarily opted-in to such lists.

*“If you order something through the mail and sometimes through the Internet you get on a list and get recurring publications from that person and then you begin to get other related publication, so I suspect that lists are sold.” NY High*

*“Staying the same now, but during the holiday season it doubles.” NY High*

### **III-A. How Handle Mail at Home (Cont'd)**

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*“There is more advertising mail, clothes, life insurance, health insurance, dental, pharmaceutical plans, clothing, that sort of thing.”  
SF High*

*“I notice a definite increase in advertisement type of mail and like catalogs, like Macy’s, and others. They just start sending you stuff.”  
NY High*

#### **Distinguishing Advertising Mail**

Participants agree that in most cases it is pretty easy to distinguish the advertising mailpieces from the rest of the mail they receive. This is not always the case, because some advertising mailings are intentionally disguised. The fact is that consumers still make a judgment on a piece-by-piece basis as to what advertising mail they are interested in opening.

*“From the mailbox by the time I get to my door, which is about 80-100 feet, two piles. One is the bills and one is junk mail. The junk goes into the garbage and the bills go to the desk where I eventually will write the checks.” Dallas Low*

*“Because I am going through them. I do flip through just in case it might be something that I want. The only things I am really strange about at home are the cell phone bill, cable and the phone at home. The majority of it, about 98%, is ads. So that is what I do and how I open some of it and all bills.” SF High*

#### **Getting the Mail—the Process**

Participants share what is a very personal and sometimes idiosyncratic procedure for sorting through the day’s mail. Everybody does it differently, but there are similarities. In effect, a form of triage is performed at the kitchen table. It goes something like this: The advertising pieces are sorted through. Those that are identified as not interesting are immediately pulled out and thrown away (“recycled”), usually unopened. The advertising mail that is deemed interesting is kept in a pile, either to be opened and read, or set aside for later. The bills and personal mail are usually combined into the ‘important’ pile and either opened and read, or are set aside for later.

The mail-getter in the household acts as a gatekeeper of sorts with respect to advertising mail. While he or she separates the mail addressed to others, that person will also often act as the arbiter for whether individual advertising mailpieces ‘make it through.’

### ***III-A. How Handle Mail at Home (Cont'd)***

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Implicit in the process is that what the consumer reacts to on advertising mail is located on the outside of the envelope. The decision to read, save, forward, or discard the mailpiece is made before the envelope is ever opened. This certainly bodes well for Repositionable Notes.

*“Well, I don’t open like the credit card stuff. I rip it up and it goes to recycling and the personal mail I’ll open the bills, I’ll open and set them on the table so my husband can see when he gets home so I go through stuff and pretty immediately recycle what needs to be recycled and put bills in a pile.” Minn. Low*

*“I immediately go through important stuff first, cards or postcards and kind of sort from good to bad. Then I usually go through the Standard Mail. I sat it right on the counter and then I take the Value Pak coupons and the junk and throw it away. Then the coupons and things I am interested in, I could use it for shopping so I just kind of keep those and put them in a different area on my table. Then the bills I put in my little brief case.” SF High*

#### **Attitudes & Reactions Toward Advertising Mail**

When asked, participants do not agree on the value of advertising mail. Some regard all advertising mail as ‘junk,’ to be discarded, unopened. But the majority of participants are more selective about advertising mail. Those pieces that interest them are opened and read, and often acted upon. So on this issue, value is clearly in the eye of the beholder.

*“It depends on what it is. If it something I like...” SF High*

*“Because it gives me an opportunity to see if I want something and I don’t have to go to the store or take a train or drive there, deal with people in the stores. I just order it through the phone and when I get home it’s there.” NY High*

#### **Openness to New Mailing Approaches**

Most participants indicate that they respond to the various techniques that direct mailers use to entice them to open their envelopes. And for the most part, consumers are responsive to those approaches. This includes bright-colored envelopes and other ‘stand out’ graphic designs. Offers for free gifts inside, contests (free drawings for prizes or trips), special invitations, etc., are also effective.

### **III-A. How Handle Mail at Home (Cont'd)**

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*"Those glossy ones. Those bright-colored glossy envelope, I like those." NY High*

*"Yes the envelope is not made of any earthly thing. It is like a clear plastic and it is vellum. That is a good description. It is different and kind of catchy." Minn. Low*

*"About two months ago I got a special invitation from a car dealer and I ended up buying a car. I had no intention of buying one."  
Dallas Low*

*"Another one is the one like is when they tell you there's a free gift inside. You want to see what the free gift is." Dallas Low*

## **III-B. Reaction to RPN**

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### **Initial Reaction to Mail Samples**

When the mail samples were passed around the room, most consumers do not initially point out that all of the mail samples have Notes attached. In two of the groups, the moderator had to direct the participants to their presence. Nevertheless, consumers react positively to the examples of how RPN can be used. Many of their comments pertain to the interactive nature of stickies—that you can peel them off.

*“Actually, I think it’s very smart and really fun to get your attention. For some reason, I want to pull it off.” NY Higher Income*

*“Because the sticky—it plants your eye. That’s what you’re going to focus on first because there’s something written by the association of the stickies on someone’s pen to note.” Minn. Lower Income*

*“It stands out because everything else is flat and this is flying up. So then I can see why she wants to pull it off.” NY Higher Income*

### **Whether More Likely to Open Mail with RPNs Attached**

Consumers say they would be more likely to look at advertising mail they receive with RPN attached. They say that RPN serve to make people look inside, and also add a ‘just for me’ feel to the mailpiece.

*“Like I said, it grabs your attention. It’s the first thing we’ll look at because it stands out. It doesn’t belong there.” NY Higher Income*

*“I just agree that basically it’s going to help me weed out stuff. I’d really just kind of look at that and see, is this something I’m interested in? If not, I could just discard it.” Minn. Lower Income*

*“I think it would kind of make me feel like as though somebody left that for me like they knew like, that maybe you need this, so check this out.” NY Higher Income*

## ***III-B. Reaction to RPNs (Cont'd)***

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### **What They Would Do With RPNs**

Participants suggest a number of things they would do with “stickies” or RPNs. They agree that for the most part, RPN invite you to peel them off. What happens next depends on the individual consumer. Some may put them in a special place for saved stickies. Others may place them in some high-visibility location like the refrigerator, a computer screen, etc. Someone else said they would leave it affixed to the envelope, but put the envelope in a ‘saved’ pile to be opened later. It is clear that consumers in some way act upon the implicit invitation to peel-off and save RPN, evidence of extending the message offers of advertising mail.

*“I would pull it off and put it on the little place where I put all my stickies.” NY Higher Income*

*“The way I use stickies is to catch my attention for something that has to be done, so I wouldn’t take the sticky off. I would leave the sticky on the envelope and put it on the side for something to follow up.” Dallas Lower Income*

### **Usefulness**

Consumers overwhelmingly find RPN useful. As discussed, participants utilize Notes to prioritize which mail they wish to open, so RPN are clearly serving as a device for getting advertising mail opened. By peeling off and saving RPN, they also acting on the call to action, such as a deadline of offer. RPN are also saved as important reminders like a phone number or address.

*“Because it helps you sort out what you want to focus on, open up the envelope, see if you want to go through the whole advertising letters or just put it aside for another day.” NY Higher Income*

*“It’s like a crib sheet to what’s inside. I mean, you know before even going through it pretty much what it is. You have an idea so it might be more enticing for you to open it up” Dallas Lower Income*

*“If there’s a deadline on the sticky where you have to buy it by a certain day or send it out by a certain date, the sticky is a reminder.” NY Higher Income*

### ***III-B. Reaction to Stickies (Cont'd)***

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#### **Whether RPNs Would Motivate Taking Action**

It is clear that one of the main appeals of RPN is the fact that consumers can use them in valuable ways. They can be saved as reminders, and they can also save the effort of writing down something important, like a new phone number, or change of address, a Website, or an upcoming deadline.

*"It saves you the trouble of writing it so you can stick it somewhere and you've got all the information you need – let's say the telephone number, the page in the catalog, whatever, it's terrific for that purpose." SF Higher Income*

*"No. Because you get your mail, because you're walking back from your mailbox on the street or turning around with the post it note, and you go like this. That's how you go through it, so it's not going to make any difference on how I sort my mail and how I deal with my mail, period. It's just going to be like whether it catches my eye or whether I stop for another two seconds and go, oh, it's still that pile." Minn. Lower Income*

The other comments that consumers make are that RPN have the potential to make them want to look inside an envelope, to learn further about something they read on the RPN on the outside of the envelope. This is a very valuable benefit of RPN.

*"Well, on here it says 15% off, on drapes. Normally I don't care about drapes, but maybe I'll take a look at it and see if there's 15% off." Dallas Lower Income*

### **III-C. RPN Concept—Design Features**

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#### **Reactions to Regulations & Changes Would Like To See**

Generally speaking, consumers are unable to judge the specific design features of Notes. Reactions to their size (3 x 3), appearance (paper color, ink color), and positioning on the envelope are all acceptable.

The few comments consumers make about RPN design are that maybe they could be tilted at an angle, to look more spontaneous and more personalized, and use brighter colors. On a cautionary note, one consumer points out that it's the message written on the RPN that is critical, not how it looks.

*"I was just going to say that was the one thing I noticed. I was wondering if that was the rule, the no tilting or anything. Maybe you could tilt them." Minn. Lower Income*

*"Brighter colors. The whole purpose of the neon colors is because they stand out better." Dallas Lower Income*

*"It's condensing your message to the point where, all you have is this 3 x 3 square, and that's all people are going to look at. It detracts from the rest of your mailing. So unless it says something that really makes people want to open it up, you're just going to be screwing yourself." Minn. Lower Income*

### **III-D. RPN Effect on Attitudes Toward Direct Mail**

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#### **Whether RPNs Would Change Reactions to Advertising Mail**

Consumers do not agree whether or not RPN would improve their outlook on receiving advertising mail. Participants seem to split on this subject. Some see RPN as a useful way to ‘interact’ with the advertising mail that they all inevitably receive. It helps them sort through advertising mail more quickly and make judgments on whether to open an envelope or not. RPN also serve as enhancers to the mail, inviting the recipient to open up the envelope or at least save the RPN in some useful way.

Others see RPN as just another direct mail gimmick, and wonder if the product will trigger even more advertising mail.

*“Better, because I got the facts here and then maybe I wouldn’t have to open it.” SF Higher Income*

*“Yes, sorting purposes, it just makes the whole process a lot easier, and if you’re not saying something that I care about, I can easily throw it away. Minn. Lower Income*

*“Why worse? Because it’s a waste of paper. I have a fear that if they’re going to do this, I might be getting more.” NY Higher Income*

*“Well, I think if they’re selling this idea of putting these stickies notes on it, if everybody has these sticky notes, then they kind of defeat the purpose. Then you feel like they’re using you.” Minn. Lower Income*

#### **Overall Appeal**

Overall, RPN elicit fairly strong enthusiasm among consumer participants, who view them both as attention getting and as a useful means of sorting through the advertising mail they receive. Since Notes are at this point unique in the eyes of consumers, they serve as “attractors” to the mailpieces they are attached to and at present have considerable potential to drive open-and-read rates.

Notes seem to work as intended. Consumers seem quite taken with the interactive qualities of peeling-off and re-using Notes; hence, the potential for increased message shelf lives appears to be a realistic product benefit. When asked to evaluate Notes on their overall appeal, an overwhelming majority of consumers (83%) in the groups rate the RPN concept as very or somewhat appealing. And this is the case regardless of household income.

## ***IV. IN-DEPTH INTERVIEW FINDINGS***

### ***RPN Pilot Participants & Large Businesses***

## ***IV-A. RPN Pilot Participants***

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### **Overview**

This section of the report is devoted to the analysis of four separate market segments:

- Companies that participated in a pilot test of the RPN
- Large mail owners
- Large printers and mail service providers
- Large advertising agencies

Because pilot test companies have experience with Repositionable Notes, their unique insights are summarized first. Topics about which they and other respondents were interviewed are then summarized.

When comparing responses of pilot test companies with the three other segments, the reader should keep in mind that, as a group, the pilot test companies that were interviewed are much smaller and generally less sophisticated in their approach to direct mail advertising and advertising.

### **Rated Impact on Direct Mail Campaigns**

Most had tested RPNs between one and two years before being interviewed. A majority of pilot test mailings were conducted via Standard Mail or non-profit rates with #10 envelopes. The size of the mailings ranged from 300 to 10 million pieces; however, only four companies mailed more than 50,000 pieces.

Reactions to pilot test results varied highly and ranged from the very enthusiastic to negative. About one-half (5 out of 12) felt the impact was good to excellent on their direct mail campaign and about the same percentage (6 out of 12) rated it fair to poor. Several of the pilot test companies did not empirically test the effectiveness of the RPNs, thus their ratings are more impressions than statements of actual mailing results. One company is currently using the program and one intends to use at the next opportunity. The remainder have not used the program since their original tests.

## ***IV-A. RPN Pilot Participants (Cont'd)***

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Respondents reported variable lift, ranging from a lowered response rate to no effect to significant lift with no obvious pattern to these results. Those with the greatest lift rated RPNs higher in their impact and stated they were more likely to use them again. However, there is little consistency in respondents' perceptions of what constitutes acceptable lift for those cases in which respondents could recall the response rates achieved with RPNs. It appears that different respondents launched RPN pilot "tests" with different and in some cases unspecified expectations with regard to response rates. The highest quantified lift reported during the pilot test was over 60 percent. Others reported lift in the 10 to 16 percent range. Two respondents felt the RPN product may have actually suppressed response rates, but could not definitively say because they did not use controlled mailings to empirically test RPN lift. The range of reactions is illustrated below.

*"Well, the lift was not huge. There was a 10% lift." (Retailer)*

*"We went from a .007 (percent response rate) to about .01 and some change... Yes, it was dramatic and the big thing about the stickies was how long it pulled for. It pulled for a while." (Publisher)*

*"Our stuff really stood out." (Political campaign consultant)*

*"I was expecting a higher response rate... I think the response rate for those type of events is less than one percent, but this one I think we were close to one percent." (Retailer)*

*"We did not get enough lift to cover the cost of the Post-Its." (Bank)*

*"We really haven't used it since. At that time there was not a lot of interest. We got comments back that it's pretty cool, but nobody seemed ready to pull the trigger on it yet." (Mail service provider)*

## ***IV-A. RPN Pilot Participants (Cont'd)***

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### **Problems and Barriers**

Only two barriers to RPN use were spontaneously mentioned: 1) cost and 2) lengthy USPS paperwork.

*“RPNs were fairly expensive.” (Non-profit)*

*“It cost us a lot more to mail. The cost increase was almost 50%.”  
(Retailer)*

*“It took months of planning to get it going, you know sending the Post Office this list and that list and samples and, you know, it's just hard to plan that far ahead.” (Direct mailer)*

*“From the minute I read the idea until we pushed it into the Post Office, it was a six-month process. I think about an inch and a half of paperwork. A lot of e-mails. A lot of faxes. I'd say the Postal Service in (XXX) and (XXX) were very helpful, but they were honestly surprised I got through it all.” (Political consultant)*

When queried specifically, respondents reported no problems encountered in any of four separate areas: 1) notes not adhering, 2) mangled mail pieces, 3) miscellaneous operation problems, or 4) inability of MSPs to work with RPNs.

## IV-A. RPN Pilot Participants (Cont'd)

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### Rating of RPN Performance

Pilot test respondents rated RPN along five different performance dimensions. These ratings are shown below.

1. Increased response rate
2. Uniqueness of direct mail approach
3. Open and read rate
4. Shelf-life (customer retention of the note)
5. Effect on the company's or product's image

	RATING					
	<i>Excellent</i>	<i>Very Good</i>	<i>Good</i>	<i>Fair</i>	<i>Poor</i>	<i>Don't Know</i>
<b>Performance Factors</b>						
Response rate	1	1	2	-	3	5
Uniqueness	3	3	2	-	-	4
Open and read rate	1	1	1	1	1	7
Shelf life	1	2	-	-	-	9
Effect on image	1	2	1	1	1	6

Several respondents could not perform the ratings because either they could not recall what had happened, pilot test data were no longer available or RPN impact had never been measured. Several felt that "open and read rate" was an inference from response rate and would not know how to measure it. Several others did not understand what was meant by "shelf life."

With these limitations in mind it is interesting that a majority rated RPNs at least "good" in terms of making their mailing unique. Uniqueness and recipient involvement in the mail are probably the most salient and appealing features of Repositionable Notes, even if lift was not achieved.

*"I think the uniqueness is very good. I think it is something that is unique, yet reasonably affordable." (Mail service provider who had noted little demand from his customers for RPNs)*

## ***IV-A. RPN Pilot Participants (Cont'd)***

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*"I like the concept. The ability to have a three-dimensional involvement device...on the outside of the envelope...is tremendous. The idea that has been tried and true in direct marketing for years has been you lift the sticker and put it over there. That works as an involvement device." (Direct mail consultant to non-profits whose use of RPNs in pilot appeared to reduce response rates)*

*(Talking about uniqueness) "Beyond excellent...(The recipients) actually mentioned (the RPN.) If you get somebody out there talking about your piece than that is a piece you definitely want to hold on to." (Publisher who achieved what he described as "dramatic" lift)*

*"I've not seen any of our competitors doing it, so it's nice that way because you know, from a unique(ness) standpoint, but it didn't work." (Bank that achieved no lift in the pilot)*

### **Return on Investment**

Five of the twelve pilot test companies achieved some degree of lift and reported they had received an acceptable return on their investment in the Repositionable Note. Still, none appeared to have actually completed a thorough business analysis. The remainder were either neutral or felt the cost was not justified by the results.

Pilot test companies were generally unsophisticated in their response to these types of analytic questions. In fact, one retailer stated: *"Well, if we were to pay 50 percent more (for mailing), we want a 50 percent increase in response."*

### **Future Use**

The same five respondents reported they would consider using RPNs in the future. Others recognize they may not have executed a good test of RPNs and may be willing to try them again.

*"I would consider them, yes. The cost issue is one that would have to be figured out." (Direct mail consultant for non-profits)*

## ***IV-B. Large Businesses - Mail Owners, Mail Service Providers (MSPs) and Advertising Agencies***

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### **Overview**

A total of twenty-three in-depth interviews were conducted with large businesses: nine with large mail owners; eight with printers, letter shops, and mail service providers; and six with advertising agencies.

Virtually every type of direct mail and advertising is represented among these mail owners and clients of the letter shops and MSPs: postcards, letters, catalogs, flats, three-dimensional pieces, and tubes. Mail is sent primarily via Standard Mail, but First-Class Mail is also used. Content includes catalogs, bill inserts, educational materials, coupons and various pitches to customers and prospects. A majority of those interviewed send business to consumer mail and mailings range up to several hundred million pieces per year.

### **Techniques Used to Entice Mail Opening**

Every mailer is aware of the problem of enticing recipients to open the direct mail piece. As a result, considerable effort is made to create a mail piece that is differentiated from others, is appealing and calls out to be opened.

Techniques used range from the "screaming headline" to the subtle appeal of "high quality, classy envelopes."

- Personalization of the mail piece showing through a window
- Unique mail piece sizes and three-dimensional pieces
- Strong graphics
- Stickers and "dot whacks" on the envelope
- Interactive devices on the envelope (e.g. flaps and "zip strips" that reveal the promotion when pulled back)
- Use of stamps rather than indicia (indicia connote "junk" mail)
- Semi-transparent or vellum envelopes so that the contents are visible
- Teaser copy ("a good headline") or call to action on the outside

The lone exception to the effectiveness of these highly tested and evolved techniques is in the banking industry where less appears to be more:

## ***IV-B. Large Businesses (Cont'd)***

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*"It is really funny. We have tried different printing on the outside of an envelope from the front to the back...window envelopes where you can see something inside that is hopefully enticing. It is really odd...the stuff that gets opened most often are the plain envelopes...like a bank statement. That's why they open it up."  
(Vice president, Marketing & Advertising)*

### **Evaluating the Success of a Mailing**

Unlike the pilot test companies, nearly all large mail owners interviewed conduct formal and rigorous evaluations of their direct mail campaigns. About one-half of advertising agencies interviewed does, but none of the large mail service providers interviewed performs these kinds of analyses on behalf of its clients. For most MSPs, this function is strictly a client function.

Nearly all that do conduct empirical evaluations of mailings utilize a combination of response-based and revenue-based measures, i.e. generation of responses to a promotion that convert to sales, coupons redeemed, or new accounts opened.

### **Choice of Standard Mail vs. First-Class Mail**

The vast majority of mail campaigns discussed by respondents involve Standard Mail and the reason for that choice is low cost. Occasionally, a campaign will utilize First-Class Mail to speed delivery, for example when the piece needs to be in consumers' hands for a special event or, when the mail sponsor is an upscale organization appealing to an upscale clientele. In this latter case, First-Class Mail also helps conceal the promotional character of the piece, and may enhance open and read rate and, hence, response rate.

### **Initial Reactions and Impressions to the RPN Concept**

Respondents' initial reactions to the RPN concept are positive with many expressing interest. Many feel the Notes will be strong attention getters and see them as useful reminder devices, ways to personalize a piece and a way to keep direct mail "fresh."

*"I think that's very interesting. Actually, I think it would catch someone's eye because they haven't seen anything really like that before." (Advertising agency)*

## ***IV-B. Large Businesses (Cont'd)***

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*"I think the idea of being able to put something on the outside of the envelope that indicates either what's in it or some incentive to open it or an opportunity to personalize it is a very good idea. I'm sure that creatively we could find a lot of uses for something like that."* (Advertising agency)

*"I could see our client wanting to use that and putting verbiage on there saying "Special Offer Inside" or saying something to that effect."* (MSP)

*"I love them. They're new and exciting and they have a lot of applications."* (MSP)

*"It is really interesting. I'm also thinking about announcements. For some purposes that would be an interesting way of getting attention."* (Bank)

*"Just the idea of being able to put a sticky on the outside of a catalog, I think would definitely draw attention to it."* (Catalog mailer)

*"If there's a Repositionable Note that I can take off and can put somewhere -- on my refrigerator like millions of Americans do, I'm going to remember that."* (MSP)

*"Because customers are deluged by competitive messages and repetitive channels, you have to be fresh in both the medium and the message to stay ahead of the game."* (Catalog company)

Those on the creative side of the direct mail business expressed one sophisticated reservation about the RPN -- that it might "cover too much real estate" on the envelope. On a related matter, one pilot test respondent objected to the RPN on the basis of its size and position that required the mail piece to be designed around it.

*"You know you got to put this over something else usually. What is the benefit to having it cover up the other message?"* (Advertising agency)

One respondent spontaneously expressed the opinion that RPNs might prove to be a fad with little lasting power.

*"It's basically I believe a gimmick and the first time around it'll work and then probably after a while, once everybody starts doing it, they'll go back to doing substance."* (MSP)

## ***IV-B. Large Businesses (Cont'd)***

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As can be seen in the following table, when asked to rate the usefulness of the Notes for their own or their clients' businesses, ratings are generally quite favorable. Seventeen out of 23 rate their usefulness "good" or higher. The one advertising agency respondent that could not rate their usefulness noted his agency was in the midst of testing Repositionable Notes.

Mail service providers seem a bit less enthusiastic about RPNs. A couple are uncertain their clients will take to the concept, noting their clients' price sensitivity. Still, they would like to be able to offer Repositionable Notes to their clients as an option.

<b>Rated Usefulness</b>	<b>Mail Owners</b>	<b>MSPs</b>	<b>Advertising Agencies</b>	<b>Total</b>
<i>Excellent</i>	2	2	2	<b>6</b>
<i>Very Good</i>	-	1	1	<b>2</b>
<i>Good</i>	6	1	2	<b>9</b>
<i>Fair</i>	1	2	-	<b>3</b>
<i>Poor</i>	-	1	-	<b>1</b>
<i>Cannot Rate</i>	-	1	1	<b>2</b>

### **Initial Ideas for Using RPNs**

Although respondents had little time during the interview to consider how they might use the Repositionable Note in their campaigns, the most popular uses would be as a "teaser," a reminder device, or a targeting mechanism.

*"I would use it for teaser on the envelope, such as for a beverage campaign -- "Buy one -- Get one free." It would also be good as a telephone number reminder, sending a monthly mini-calendar to the recipient." (Advertising agency)*

*"As we move forward down the road with this thing, I can see a whole myriad of notes...(whose copy) could actually be targeted to that household." (MSP)*

## **IV-B. Large Businesses (Cont'd)**

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Or as a differentiator for Standard Mail.

*“Because our clients are looking for ways to increase response rates, we would be more interested and more apt to recommend it as a way to get your Standard Mail to stand out.” (MSP)*

Or as a way of highlighting a specific offering.

*“Well, I think it will probably be used to highlight certain areas of the offer...the arrow pointing to something specific.” (Utility)*

*“Well, you could tell (recipients) about an offer. You could direct them to certain products within the catalog.” (Catalog company)*

### **Expected Effects of Using RPNs**

Respondents were queried specifically how they thought RPNs would effect six different issues.

#### **Response rates**

Overall there is a general consensus that RPNs will probably enhance response rates by an indeterminate amount. However, a few expressed concerns about the ability of Notes to sustain response rates over time.

*“In terms of response rate, I think it’s just another tool in bag. I don’t know that it’s going to blow your response rates off the map. I think the first time out you’ll have a nice splash, but I think it will be something that you’ll utilize and will be popular for awhile and then they’ll go to the background for awhile, and then they’ll come back to the forefront, just like the old advertising letters that use to be a five-page letter, more was better and then succinctly, you know, a year later the ‘keep it simple stupid’ one-page letters are important. But I think it will be just another tool in the bag.” (Printer / MSP)*

*“I’ve been in this business over 35 years, but it’s basically I believe a gimmick and the first time around it’ll work and then after a while, once everybody starts doing it, they’ll go back to doing probably a substance of the material.” (Printer / MSP)*

## IV-B. Large Businesses (Cont'd)

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### Shelf life

The idea that an RPN could extend the life of a promotion is not immediately grasped by all. Those who see it as a removable memory device readily understand this benefit with little prompting.

### Company or brand image

Some think RPN use may enhance the image of the company that sent the mail. This opinion is consistent with the observations of a pilot test company that used RPNs in a political campaign. In that case, a political candidate got a lot of attention in the media because of this "innovative" technique.

*"I think that actually (the recipient) may think it's kind of clever...If I have a positionable note that says "Dear Tim"...that's going to hit me as somebody went through a little more trouble." (MSP)*

*"I think [the impact on our image will be] favorable. Anytime you're one of the first out there with something new and different and cool, that's certainly what our customers want to see. I mean the worst thing is to have the same stale presentation." (Catalog company)*

### Time tables

Most respondents foresee little or no problems in this area, since production is planned. A small number in ad agencies think the client approval process might take longer, and a couple of others feel deadlines will be "tougher."

### Mail houses and letter shops used

MSPs will acquire the equipment needed to meet any demand from their clients and large mail owners who have their own inside letter shops may need to go to outside vendors.

### USPS requirement of paperwork for approved vendor

Respondents see little impact of having to use an approved vendor for RPNs.

## ***IV-B. Large Businesses (Cont'd)***

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### **Barriers to Use**

Large business respondents spontaneously mentioned three major potential barriers or drawbacks to their use of Repositionable Notes:

- 1) Cost
- 2) Concern as to whether they will actually adhere to the envelope, and
- 3) Equipment and production concerns (among MSPs)

*"I saw there were a lot of rules here about the size and all of that, but I don't think that was a deal breaker in any way. I guess my only concern would be the cost." (Catalog company)*

*"If it added money to postage, I could see it being a drawback." (MSP)*

*"The only thing that probably would be a drawback if it falls off or if it gets caught in a sorter at the Post Office... You know how Post-It Notes are. Sometimes they just fall right off." (Bank)*

*"We would certainly have some concerns in terms of machinability in terms of being able to run at speeds we're accustomed to running at." (MSP)*

*"If it is just one edge with adhesive, the fall-off rate has got to be... way too high." (Advertising agency)*

### **Reactions to RPN Requirements**

Six USPS requirements were explored in terms of them being inhibitors of RPN use.

- 1) For size, mailers are allowed to send business-size envelopes, large postcards and flats that are 9 x 12.

Only one mail owner noted a problem in this regard, as they send many tubes.

- 2) Must be machine applied

This is a given and questions about it elicited surprise from respondents. There is no interest in manually applying them.

## **IV-C. RPN Pilot Participants & Large Businesses**

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### 3) 3 inch x 3 inch size

As noted previously, some felt this size was too large and would cover too much real estate. Some interest was expressed for a variety of available sizes or perhaps RPNs in the shape of the mailer's logo.

*“Well, 3 X 3 is kind of large; 2 X 3 probably would be a little bit better.” (Non-profit)*

### 4) No phosphorescent or red fluorescent colors

No objections were found.

### 5) Position on the envelope

Some felt that was a limiting factor putting a crimp on creative. They would like some flexibility in positioning, including putting Notes on the back of the envelope. Also, a tilted note looks more personalized (i.e. applied by a person) than one where the edges are parallel to the envelope edges.

*“If it's squared away, the first thought is going to be a machine put that there for me. It's sort of a subtle difference.” (Catalog company)*

*“I love them. They're new and exciting and they have a lot of applications. Right now it appears that there's a place and the post office is very restrictive on where they're placing the post-its on the package or on the piece. As they get more and more comfortable, as technology moves forward, they'll be able to be very creative with those things. I just think it's a beautiful option.” (Printer / MSP)*

### 6) Must be supplied by a USPS supplier

There is some concern that there may be too few vendors resulting in higher costs and reduced RPN availability.

*“If you only had one vendor, you might not get the best price. We are used to getting quotes from a variety of vendors to get the best price for the quantities we need.” (Catalog company)*

## **IV-C. RPN Pilot Participants & Large Businesses (Cont'd)**

### **Estimated Printing and Affixing Costs**

Respondents were asked to estimate the cost of printing and affixing Repositionable Notes. Estimates varied considerably from under \$10 per thousand to \$500 per thousand. Most MSPs estimated a low cost in the \$5 to \$10 per thousand range. Mail owners expected to pay somewhat higher prices -- with most estimates in the under \$10 to \$10 range and a couple of estimates up to \$50 per 1000. Ad agencies' estimates ranged from \$10 to \$500 per thousand.

### **Postage Pricing**

#### Willingness to Pay Additional Costs for RPN Notes (Unaided)

Respondents were initially asked how much additional they would be willing to pay for the processing of First-Class Mail and Standard Mail under a 10% and a 30% lift scenario. Although 4 - 5 respondents said they would pay nothing, many had difficulty answering these hypothetical questions, since lift alone is not the means they use to measure the success of a mailing. Cost per sale is a preferred measure and a thorough business analysis would need to be performed in formulating an answer to such questions. If they had conducted such an analysis, responses might be very different from those obtained in the interview.

*"I would be willing to pay some type of incremental fee. I don't know what yet. I would have to crunch numbers back to how much additional sales dollars this really means for my client." (Advertising agency)*

Because of the different kinds of businesses interviewed and varying business models, responses under these lift scenarios differed greatly. For example, under a 10% lift assumption respondents would be willing to pay anywhere from nothing to \$0.06 additional per-piece processing for Standard Mail and First-Class Mail. A 30% lift generates higher but equally variable estimates from nothing to \$0.45 per Standard Mail piece and nothing to \$0.20 per First-Class Mail piece.

#### Reactions to USPS Proposed Rates—First-Class Mail vs. Standard Mail

Pricing was explored through additional questions in which respondents were asked to react to specific USPS-provided price points with no lift assumptions:

##### Tested Additional Processing Charges

Standard Mail:	\$0.03	and	\$0.015 per piece
First-Class Mail:	\$0.015	and	\$0.005 per piece

## ***IV-C. RPN Pilot Participants & Large Businesses (Cont'd)***

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Respondents had the same difficulties addressing pricing questions with no lift assumptions. Despite the limited ability of respondents to definitively answer the questions, when pressed about one-third (11 out of 35) and one-sixth (6 out of 35) reported the higher price points were acceptable for Standard Mail and First-Class Mail, respectively. Further, about one-quarter (8 out of 35) and one-sixth (6 out of 35) reported the lower price points were acceptable for Standard Mail and First-Class Mail, respectively.

### **Shifting Classes of Mail and Advertising Expenditures to Direct Mail**

Only a small proportion of large businesses would consider shifting classes of mail or shifting advertising media expenditures to use Notes.

About 20% of respondents (7 out of 35) reported they would consider shifting some of their First-Class Mail promotions to Standard Mail with RPNs. However, it is clear that many others will test it.

About 20% of respondents (7 out of 35) reported they would seriously consider shifting advertising expenditures devoted to other media to RPN mailings.

### **Added Value of RPN Notes and Willingness to Use**

Most feel the RPN can add value to their direct mail campaigns and will test its efficacy.

# ***APPENDIX***

# FOCUS GROUP QUESTIONNAIRE SUMMARY

## FOCUS GROUP RESPONDENT QUESTIONNAIRE

SEGMENT	Total Resp	Number of FG Respondents Rating Concept as...					Number of FG Respondents Likely to Use RPN Notes			
		Excel	VG	G	F	P	Very Likely	SW Likely	SW Unlikely	Very Unlikely
<b>Mail Owners</b>										
Letter-sized Mail	23	1	8	9	4	1	5	13	4	1
SF	7	0	2	3	2	0	2	3	2	0
NYC	8	0	2	4	1	1	2	4	1	1
Minn	8	1	4	2	1	0	1	6	1	0
Flats-sized Mail	21	1	4	8	8	0	2	8	10	1
Dallas	8	1	3	0	4	0	2	1	5	0
SF	4	0	0	3	1	0	0	3	1	0
NYC	9	0	1	5	3	0	0	4	4	1
<b>Printers/MSPs</b>	16	0	5	8	3	0	0	10	6	0
NYC	9	0	3	4	2	0	0	6	3	0
Minn	7	0	2	4	1	0	0	4	3	0
<b>Adv. Agencies</b>	24	1	10	11	1	1	6	11	6	1
SF	8	0	2	5	0	1	0	4	3	1
NYC	9	0	5	4	0	0	3	4	2	0
Minn	7	1	3	2	1	0	3	3	1	0
<b>Total participants</b>	<b>84</b>	<b>3</b>	<b>27</b>	<b>36</b>	<b>16</b>	<b>2</b>	<b>13</b>	<b>42</b>	<b>26</b>	<b>3</b>

## CONSUMER CONCEPT APPEAL

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### CONSUMER CONCEPT APPEAL

CITY	Total groups	Total Resp.	Very Appealing	Somewhat appealing	Not too Appealing	Not at all Appealing
Dallas	1	9	6	3	0	0
SF	1	8	0	7	1	0
NYC	1	9	5	4	0	0
Minn	1	9	0	4	4	1
Total	4	35	11	18	5	1
			31%	51%	14%	3%

# PRICING EXERCISES

## FIRST-CLASS MAIL

SEGMENT	Total Resp	UNAIDED INCREMENTAL POSTAGE PRICE						USPS PRICES	
		10% INCREASE			30% INCREASE			Willing to pay \$0.15	Willing to pay \$0.05
		Price Range	Avg. Price (Excludes 0)	Willing to pay	Price Range	Avg. Price (Excludes 0)	Willing to pay		
<b>Mail Owners</b>				(N)			(N)		
Letter-sized Mail	<b>23</b>								
SF	7	\$0.00 - \$0.08	\$0.05	5	\$0.00 - \$0.10	\$0.07	6	6	7
NYC	8	\$0.00 - \$0.05	\$0.04	6	\$0.00 - \$0.15	\$0.07	7	7	8
Minn	8	\$0.00 - \$0.10	\$0.05	5	\$0.00 - \$0.15	\$0.09	4	4	7
Flats-sized Mail	<b>21</b>								
Dallas	8	\$0.00 - \$0.06	\$0.05	4	\$0.00 - \$0.10	\$0.04	7	6	8
SF	4	\$0.00 - \$0.25	\$0.12	3	\$0.00 - \$0.50	\$0.28	4	3	3
NYC	9	\$0.02 - \$0.07	\$0.04	8	\$0.03 - \$0.30	\$0.12	8	8	8
<b>Printers/MSPs</b>	<b>16</b>								
NYC	9	\$0.00 - \$0.04	\$0.03	8	\$0.00 - \$0.11	\$0.06	7	8	9
Minn	7	\$0.01 - \$0.05	\$0.03	7	\$0.01 - \$0.10	\$0.06	7	6	7
<b>Adv. Agencies</b>	<b>24</b>								
SF	8	\$0.00 - \$0.03	\$0.030	2	\$0.00 - \$0.01	\$0.01	2	3	5
NYC	9	\$0.00 - \$0.02	\$0.02	7	\$0.00 - \$0.04	\$0.03	8	8	7
Minn	7	\$0.00 - \$0.10	\$0.04	6	\$0.03 - \$0.15	\$0.06	7	6	7
<b>Total</b>	<b>84</b>		<b>\$0.04</b>			<b>\$0.07</b>		65	76

## STANDARD MAIL

SEGMENT	Total Resp	UNAIDED INCREMENTAL POSTAGE PRICE						USPS PRICES	
		10% INCREASE			30% INCREASE			Willing to pay \$0.03	Willing to pay \$0.15
		Price Range	Avg. Price (Excludes 0)	Willing to pay	Price Range	Avg. Price (Excludes 0)	Willing to pay		
<b>Mail Owners</b>				(N)			(N)		
Letter-sized Mail	<b>23</b>								
SF	7	\$0.00 - \$0.06	\$0.04	5	\$0.03 - \$0.08	\$0.06	7	7	7
NYC	8	\$0.00 - \$0.05	\$0.03	6	\$0.00 - \$0.12	\$0.06	7	6	8
Minn	8	\$0.00 - \$0.04	\$0.02	5	\$0.00 - \$0.10	\$0.05	6	6	7
Flats-sized Mail	<b>21</b>								
Dallas	8	\$0.00 - \$0.05	\$0.03	4	\$0.01 - \$0.10	\$0.04	8	1	6
SF	4	\$0.003 - \$0.25	\$0.08	4	\$0.01 - \$0.50	\$0.20	4	3	3
NYC	9	\$0.01 - \$0.04	\$0.02	8	\$0.02 - \$0.20	\$0.08	8	3	8
<b>Printers/MSPs</b>	<b>16</b>								
NYC	9	\$0.00 - \$0.02	\$0.02	7	\$0.00 - \$0.06	\$0.03	7	0	8
Minn	7	\$0.00 - \$0.05	\$0.03	7	\$0.01 - \$0.10	\$0.06	7	3	5
<b>Adv. Agencies</b>	<b>24</b>								
SF	8	\$0.00 - \$0.01	\$0.010	2	\$0.00 - \$0.02	0.020	2	0	2
NYC	9	\$0.00 - \$0.01	\$0.01	3	\$0.00 - \$0.03	\$0.01	7	2	2
Minn	7	\$0.01 - \$0.05	\$0.02	7	\$0.02 - \$0.08	\$0.04	7	4	6
<b>Total</b>	<b>84</b>		<b>\$0.03</b>			<b>\$0.05</b>		35	62

## TESTIMONIAL

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### Repositionable Notes: First Charter Bank

#### **First Charter Bank lifted response rates with Repositionable Notes.**

##### **Objective**

First Charter Bank wanted to convince automobile owners to refinance their outstanding auto loans with First Charter at a promotional low-interest refinancing rate.

##### **Strategy**

First Charter defined their target market as automobile owners with outstanding loan notes of \$7,500 or more. They advertised their low promotional rates through an extensive Direct Mail plan, testing the response of both existing customers and non-customers.

##### **Tactics**

In the Spring, they mailed an offer to prospects to refinance their automobiles with First Charter Bank at a low promotional interest rate. Six months later, they followed up the initial mailing with a “Last Chance” reminder mail piece featuring a Repositionable Note on half of the envelopes that called special attention to the offer. Both customer and non-customer segments were divided into two equal test groups, weighing the impact of an outer envelope with a Repositionable Note attached versus one without.

##### **Results**

Although existing customers outperformed non-customers in both these categories, the groups that received the Repositionable Note in both categories outperformed their counterparts. First Charter elevated their response rate from 0.5% to 0.7% among non-customers and from 2.1% to 3.2% among their existing customers. They secured an additional 846 auto loans, 500 of which resulted from the groups that received the Repositionable Note.

The return on investment was favorable as well. The \$46,200 incremental interest income generated over an average loan cycle of 24 months offset the \$3,200 invested to enhance their Direct Mail with a Repositionable Note.